WALL STREET.

The A B C of Wall Street

EDITED BY

S. A. NELSON

Samuel Armstrong

S. A. NELSON
16 Park Place New York

PREFACE.

The Editor presents this little volume to the American public in the belief that it will fill a demand. He has been asked many times for just such information as the book gives. He has endeavored, briefly, to present in an A B C way the methods of the men and the mechanism of Wall Street. He has tried to avoid statistics and details that are too technical for those other than the initiated. He makes no apology for so extensively quoting from Mr. White, Mr. Muhleman, Mr. Jevons, Mr. Oss and others, as what they have to say on the subjects they respectively discuss could not be better said. This is in no sense a book treating of "How to Speculate Successfully," for much nonsense and very little common sense has been written on that subject; nor is it a history of Wall Street, for such a book would of necessity be much larger; nor is it a book for the busy men of Wall Street, who know, perhaps better than the Editor, all the facts herewith presented; but it is what it purports to be—the A B C of Wall Street.

S. A. N.

CONTENTS.

ILLUSTRATIONS.

Copyright, 1899, by Loeffler.

BROAD STREET.

J. P. Morgan's Office. Stock Exchange.

THE A B C OF WALL STREET.

CHAPTER I.

WALL STREET.

Many men seem to be unable to penetrate the mystery in which they believe Wall Street is shrouded. They regard Wall Street as a thoroughfare frequented by incomprehensible "bulls and bears," and the Wall Street page of a daily newspaper is only suggestive to them of financial facts clothed in strange technical terms; figures and statistics unintelligible to any save accountants, and changes based on speculative gambling. There are persons who believe that the country would be immensely benefited if Wall Street could be suddenly legislated out of existence. And there have been times in the country's history when it would have been well for the American public if it had possessed a clearer idea of Wall Street. Wall Street, with all that the name implies as a great money market, is indispensable to the conduct of the country's business.

The name—Wall Street—stands for the second financial centre of the world, with London occupying first place. It is the heart of the American money market—the delicately adjusted centre from which the country's great fabric of credit expands and contracts. Wall Street—the street from which the great community of monetary interests derives its name—is about two-thirds of a mile in length, extending east from

Broadway to the East River. Wall Street—the financial community—is bounded by lower Broadway, Cedar, Beaver and South streets. Within this area—less than a square mile—are the Stock, Produce, Cotton, Consolidated and Coffee Exchanges; the offices of the members of the exchanges named; the United States Sub-Treasury, Assay Office and Custom House; the New York Clearing House, and a multitude of National and State banks, trust companies, private banking and foreign exchange firms, import and export houses, dealers in commercial paper, and promoters; the offices of railroads and industrial corporations; the curb market, with its swarm of brokers, and the offices of the corporation lawyers required to guide the tremendous interests involved.

Wall Street's growth has been marvelous, and yet only in keeping with the progress of the country. A few score years ago it comprised a handful of brokers, who met under a pleasantly shaded tree; to-day it numbers one hundred thousand men, who occupy the most expensive real estate in the country, and that which, strange to say, yields relatively the least return. The area outlined is covered with tall buildings, and as fast as they are built tenants are found to fill them. Ninety per cent. of the country's great financial transactions have their birth, and every important financial interest of the country is represented there. It is the business home of the great minds of American finance and law. It is there that you will find the Morgans, Belmonts, Mortons, Crossmanns, Stillmans, Huntingtons, Goulds, Havemeyers, Rockefellers, Speyers, and Vanderbilts, of the banking, industrial and railroad world; and the Choates, Reeds, Roots, Traceys, Dills, and Parsons, of the legal world. It is there that railroads are planned, constructed and reorganized; that securities of all kinds find their true level; that money can always be borrowed on good security; that money is transferred from one side of the world to the other through the medium of bits of paper; that great mining plans are executed; that money seeks investment in Government bonds, and all other American securities; that

fortunes are won and lost in gambling (an unavoidable accompaniment), making in all a true barometer of the country's welfare in times of depression or prosperity.

M. A. Raffalovich, the economic writer, in a recent issue of the *Journal des Economistes*, refers to the importance of Wall Street as a financial centre, saying: "A very capable observer, Mr. Felix Vivante, is of the opinion that, since 1893, and especially since 1896, North America has become one of the chief factors in our economic vicissitudes, and that the axis of the monetary balance has become displaced. It must be looked for now at New York as well as at London; and, besides, the Bank of France is no longer the sole pivot about which the Continental money markets revolve; other countries, especially Russia and Germany, now exercise considerable influence upon these markets. We must take into account also the accidental and temporary perturbations caused by the movement of securities between Paris and London, and between London and New York, at each period of liquidation. These cross-currents are made up partly of movements resulting from commercial operations properly so-called, and partly of those due to speculation in the markets. It is sometimes difficult to distinguish the causes of certain transfers of specie, or of offers or demands of remittances. Germany, at the beginning of 1899, paid by way of London part of the debts owing to the bankers of Paris; the purchase of meats and cereals in Argentina for the use of English troops in South Africa was paid for in part by shipments of gold from Australia. The Sydney mint now sends very large quantities of gold coin directly to San Francisco, instead of sending it as heretofore by way of London. The reason is to be found in the advantages arising from a speedier and less expensive shipment; it is used as a method of making remittances for the products sent from the United States to Europe."

THE NEW YORK STOCK EXCHANGE.

CHAPTER II.

THE STOCK EXCHANGE.

The story of the Stock Exchange dates back to May 17, 1792. On that day twenty-four brokers met under a tree which grew on a spot opposite No. 60 Wall Street and signed an agreement, still in existence, regarding a uniform rate of commissions. Irregular meetings were held at the Tontine Coffee House, at Wall and Water streets, for it was not a pretentious organization, while the business transacted, as may well be imagined, was relatively very small.

In 1817 a formal organization of the Stock Exchange was effected. Its first meeting place was in the Merchants' Exchange, now the Custom House (Wall Street) building. A change was made in 1853, when it moved to the corner of Beaver and Wall streets. In 1865 it entered the building now occupied in Broad Street. The "Open Board of Brokers," a rival body, was absorbed in 1869. The "Gold Board," an exchange which was the scene of the gold speculations during the civil war, had its quarters on New Street, and they were added to the Stock Exchange in 1879.

The Stock Exchange building fronts on Broad street. It occupies an irregular shaped lot which extends through to Broad and Wall streets. All the executive offices are on the Broad Street side. Most of the building, however, is an immense board room or hall. In this hall all the transactions are made. It is T-shaped, averages 70 feet in height, and is about 141x145 feet in breadth and depth. The area of the room is about 14,000 square feet. On three sides it is surrounded by a visitors' gallery. The only persons admitted to the floor of the Exchange are members, telegraph operators and messengers. Clerks and subscribers are admitted to a railing around the edge of the board room on payment of a fee of $100 a year. Around the railing are hundreds of telephones, each in charge of a messenger. They are private tele-

phones connecting with members' offices, and the bulk of the transactions of each day are made through the medium of the telephone. On each end of the Exchange beneath the gallery are boards which consist of a multitude of little squares on which are painted numbers from 1 to 500. Each member has a number. Operators sitting on an elevation near the door are ready to call members by means of the numbers. Thus if Broker Smith is urgently wanted to execute an order, time is not lost by sending a messenger to look for him, but the operator presses the button communicating with Mr. Smith's number, and the little board, with the number plainly displayed, flies up just as you would open the cover of a book. Mr. Smith is never so busy that he does not keep an eye on that number, and when he sees it "up" he hastens to answer it. The operator then presses the button again, and the number drops down and out of sight. In that way much time and confusion is saved, although the Exchange employs many uniformed pages.

On the New Street side of the Exchange sits the chairman on a rostrum. It is his duty to preserve decorum and notify the members of such business as is necessary, usually the announcement of failures, the opening and closing of business, and the settlement of unfilled contracts resulting therefrom; the announcements of the election of members and the deaths of others; amendments to rules, etc. The floor of the Exchange is bare save scattered about at regular intervals are posts, which have the appearance of old-fashioned lamp-posts. Each post has near its top the name of the stocks which are traded in there. They are printed on cardboard, and at some posts several stocks are traded in. The Sugar post usually attracts what is called the biggest crowd. Around many of the posts are a few leather-covered chairs. The floor is uncarpeted, and the visitor during an active session—the Exchange opens at ten A. M. and closes at three P. M. each day—cannot fail to notice that it is almost covered with hundreds of thousands of fragments of paper. Little squares of cream-colored

memorandum paper are supplied in unlimited quantity to the members, who record their transactions and write their orders and messages thereon. When they are not busy the nervous strain is so great that many of them can be seen tearing up blank slips of paper as they await more definite employment. On a busy day, when the board room is crowded and hundreds of brokers are jostling, gesticulating and shouting their bids and offers, the Exchange resembles a bedlam; but it is really a perfectly orderly place—wonderfully perfect in fact—for each day transactions involving millions of dollars are made there without the slightest friction. The standard of honor is very high among members and disputes are rare. A man's word, or a nod of the head, is all that is required to bind a transaction involving $1,000 or $1,000,000, or more.

The Stock Exchange is not an incorporated body, but is a voluntary association, having a membership of 1,100. Memberships are called seats, and they can be sold or transferred. Seats have steadily increased in price and to-day are worth $40,000. To become a member a man must pass a careful examination regarding his credit and business associates, and the mere possessor of money will not always satisfy the Committee on Admissions that he is entitled to membership. Should a member fail, the members of the Stock Exchange hold his membership to liquidate his debts. The annual dues are $50, and an assessment of $10 is levied on members for each death in order to maintain a gratuity fund, which pays $10,000 to the family of a deceased member. The seat of a deceased member is sold and the proceeds paid to his family.

CHAPTER III.

STOCK EXCHANGE SPECULATION.

Stocks—How They Are Classed and What They Represent.

Stocks are divided into common and preferred shares. The latter, as their name implies, enjoy an amount of preference,

THE STOCK EXCHANGE—INTERIOR

varying in most individual cases, but always consisting of prior rights to dividends over the common shares. Thus, to give an example taken at random, Chicago, Milwaukee & St. Paul preferred stock is entitled to 7 per cent., non-cumulative, after fixed charges are met, before anything can be distributed on the common shares. The company has the privilege of reserving as working capital a sum not exceeding $250,000 over the floating debt, and the accrued interest of the mortgage bonds. Preferred stock is usually non-cumulative, and hence if it does not receive its full dividend in any year it has no claim to payment of the deficit in succeeding years. There are, however, instances of preferred stock being cumulative—United States Leather preferred, for example. There are also a few companies which have their preferred shares divided in first and second preferred and then common. But they are rare. The Reading affords the most notable illustration of this among railroad stocks, and National Starch among the industrials.

Stocks traded in on the Stock Exchange are divided in groups representing various kinds of properties. First in importance come railroad stocks, which in turn are divided in distinctive groups, including the Trunk Lines, Coalers, Grangers, Southerns, Pacifics, and Local Transportations. Next in importance is the Industrial group, which includes the so-called Trust stocks, representative of industrial enterprises. It is also subdivided, led by American Sugar Refining, which in activity is a market in itself, and including the Steel and Iron, Tobacco, Gas, Rubber, and Mining shares.

CHAPTER IV.

TRADING IN STOCKS.

Transactions in stocks are usually made for quick delivery. A broker buys or sells, and receives or delivers the stock or

bonds dealt in on the day following the transaction. While odd lots of stocks are dealt in, say 1, 10 or 57 shares, yet 10 and multiples of 10 are the common trading amounts. Commission brokerage houses will not buy and carry on a margin less than 10 shares; most firms will not accept orders for less than 100. The lot most in vogue in Stock Exchange trading is the 100 share lot, but blocks of as high as 20,000 shares have been sold in one transaction. The par or nominal value of a share of stock is usually $100, and the par value of 10 shares is $1,000, and of 100 shares $10,000. When bought or sold outright the share certificates are delivered to the buyer or by the seller, after an exchange of checks representing the actual or market value. When you speculate in shares on a margin, the margin is usually 10 per cent. of the par value. Thus a 10 per cent. margin on 10 shares is $100, on 100 shares $1,000. Some brokers require 20 per cent. margin and some will accept 5. If you buy, in expectation of an advance, 100 shares of stock at par, or $100 a share, you deposit $1,000, or 10 per cent. margin. Should you sell the stock at 110 your broker will give you a check for $2,000, representing your margin and your profit of ten points, or $10 a share, less his commission, the war revenue stamps and the interest paid to carry the stock. The commission is ⅛ of 1 per cent. each way, which means $1.25 to buy or sell 10 shares, or $12.50 for each 100. A complete transaction representing the purchase and sale of 100 shares represents a broker's commission of $25. Brokers are not allowed to charge non-members of the Stock Exchange less than the regular fee, but they trade for fellow members at the rate of $2 for each 100 shares. The war revenue tax calls for a $2 stamp on each 100 shares. If you buy and pay the full cash value of your stock you have no interest to pay, but if you buy on a 10 per cent. margin the broker is required to borrow the $10,000 which he paid for your stock, unless he carries it himself, and as money always commands interest, you have that interest to pay, and it is usually 6 per cent., but sometimes more and again less. The interest begins on the day the

stock is received and expires on the day it is delivered. Speculators who buy on a margin are credited with the dividends declared on the stocks they buy during the time they hold them, and at times they offset the interest charge. Should you sell 100 shares of stock at 100 with the expectation of buying it back at 90, you would have no interest to pay. In that event your broker would borrow the stock and deliver it to the broker he sold it to. The broker he borrowed it from would pay your broker interest for carrying it, as it represents just so much money. When you bought back the stock you sold at 100 it would be received by your broker and returned to the one from whom he borrowed it, thus closing the transaction. In this case (short trading) the rule of trading says that the interest belongs to your broker, and there are exceptions in the matter of interest, for at times when a certain stock is scarce borrowers have to pay a premium to get the stock, and it would then represent the equivalent of interest. (See *Flat* in Dictionary.) In the quotations of stocks fractional parts of 1 per cent. play a prominent part. The smallest fraction employed in trading is ⅛ per cent., or $12.50 on each 100 shares.

Stock Exchange fractional profits or losses are shown in the following table:

Stocks. *Fractional Profit or Loss.*	*Shares.*	*Amount, Profit or Loss.*
⅛ per cent.	100	$12.50
¼ per cent.	100	25.00
⅜ per cent.	100	37.50
½ per cent.	100	50.00
⅝ per cent.	100	62.50
¾ per cent.	100	75.00
⅞ per cent.	100	87.50
1 per cent.	100	100.00
5 per cent.	100	500.00
25 per cent.	100	2,500.00

You will bear in mind that your broker has the right of calling for more margin when your margin becomes impaired.

THE STOCK EXCHANGE—INTERIOR.

Thus if you are trading on a $1,000 margin, and your trade shows a loss of $700, your broker can request you to deposit more money, or place a limit within your margin on your loss. It is also well to always remember that when you buy and sell 100 shares of stock it costs you ¼ per cent. more than the price of the stock, this fraction being the commission, to which is added the revenue stamps and interest. It was stated above that the par value of stocks is usually $100, but there are exceptions (about half a dozen)—stocks on the list which have a par value of $50. They are designated as "half" stocks, but in trading the custom is to buy 200 shares of a "half" stock, which would be equivalent to the usual 100 shares of "full" or $100 a share stocks. All stocks are quoted at a percentage of par, or 100. To illustrate, the Stock Exchange and the newspapers quote stocks as follows:

Jan. 31. *Sales.*	*Highest.*	*Lowest.*	*Closing.*	*Net Change*
148,615 Am. Sugar.	121⅜	117¼	118¼	—1¾
37,915 Atch., Top. & S. F. pf............	62½	61	62⅛	+1⅜

In this illustration two active stocks are used, one an Industrial and the other a railroad stock. It will be seen that on January 31, 1900, 148,615 shares of American Sugar Refining stock were bought and sold. The highest price was $121.37 a share, the lowest price $117.25, and the closing price $118.25, while the net change for the day represented by the minus sign was a loss of $1.75 a share (the equivalent of $175 per 100 shares), as compared with the closing price of the previous day, January 30. On January 31, 37,915 shares of Atchison, Topeka & Santa Fe preferred railroad shares were bought and sold. The highest price was $62.50 a share, the lowest $61, and the closing $62.12, while the net change for the day represented by the plus sign was a gain of $1.37 a share (the equivalent of $137.50 per 100 shares).

CHAPTER V.

TRADING IN BONDS.

Bonds are traded in very much the same way as stocks. Bonds are usually of the denomination of $1,000, although there are some $500 bonds. In speculation on a margin a $1,000 bond is the equivalent of 10 shares, and 10 bonds the equivalent of 100 shares of stock. Single bonds, however, are sold more often than fractional lots of stocks. The dealings in bonds outside the Stock Exchange are very large, and they call for men who are skilled in this single department of securities.

Stock Exchange fractional profits or losses are shown in the following table:

Bonds. *Fractional Profit or Loss.*	*Am't of Bond.*	*Amount.* *Profit or Loss.*
⅛ per cent	$1,000	$1.25
¼ per cent	1,000	2.50
⅜ per cent	1,000	3.75
½ per cent	1,000	5.00
⅝ per cent	1,000	6.25
¾ per cent	1,000	7.50
⅞ per cent	1,000	8.75
1 per cent	1,000	10.00
5 per cent	1,000	50.00
25 per cent	1,000	250.00

Thus one Atchison adjustment 4 per cent. bond quoted at 87⅛ has a value of $871.25.

CHAPTER VI.

THE NUMEROUS CLASSES OF BONDS AND WHAT THEY REPRESENT.

The novice of Wall Street will probably have noted the fact that there are very important daily dealings in railroad bonds

and that the bonds of industrial corporations figure very little in the transactions. As a rule the latter sell few if any bonds. Bonding was not necessary when their identity was changed from the individual factory to the combination of factories, but it was necessary in railroad construction.

S. Van Oss, an English railroad authority on the subject of American railroad bonds and their numerous classes, divides them as follows:

1. Mortgage bonds.
2. Equipment bonds.
3. Land grant bonds.
4. Collateral trust bonds.
5. Prior lien bonds.
6. Debentures.
7. Income bonds.

A bond generally acknowledges that the railway issuing it owes a certain sum (usually $1,000, but sometimes $500) to bearer, payable on a fixed date and at a certain place; it stipulates the rate of interest and the intervals at which interest is payable; it states the amount of bonds belonging to its class issued, and the property pledged as security for the payment of principal and interest (usually inclusive of the earnings of such property), and further giving such stipulations as to redemption by drawings and sinking funds, conversion into other bonds and shares, etc., as may be necessary in its individual case. Bonds are usually pledged by the president and the treasurer of the railroad company and by the trustees, to whom most of them are made out, and who must defend the rights of bondholders should the company fail to meet any of the obligations it undertook in the mortgage deed.

The value of a bond depends of course upon that of the mortgaged property and upon the extent to which it is mortgaged. In some instances *division bonds* are issued, which, as their name implies, are covered by divisions, and not by the entire railroad. If a company requires funds for extensions

it often issues *extension bonds*, which are secured by the additional lines built with their proceeds, and frequently, in addition, by rights upon the other property of the company, these rights, of course, ranking after those of prior mortgages placed thereon.

Frequently various descriptions of bonds are consolidated, and thus *consolidated* or *general mortgage bonds* are created. The issue of a general or "blanket" mortgage is usually resorted to with the double aim of obtaining new capital for extensions and of unifying various older descriptions, such unification being, as a rule, coupled with a reduction of interest, if possible under the stipulation of mortgages previously issued or permitted by their holders. It is superfluous to remark that such reduction is never voluntarily acceded to by bondholders unless a company gets into straits and is reorganized; and hence parts of general mortgage bond issues are kept in hand until existing descriptions fall due, when they replace them. If a general mortgage is issued, the amount in excess of the portion destined to retire older descriptions is used for extensions or betterments; when the first is the case, they have prior rights upon such new parts of the system as are completed with their proceeds; in the latter event, it is obvious that their rights must yield precedence to other mortgages resting on the property. In consequence of the respective rights of these bonds, *first*, *second* and *third mortgages*, etc., are spoken of. *Equipment bonds* are issued to acquire rolling stock, and are secured by a mortgage thereon. Akin to them are *Car Trust Certificates* (not quoted in the market), by the aid of which rolling stock can be bought on the "easy payment" system. These certificates are due at frequent intervals—usually semi-annually—and are secured by a lien upon the rolling stock in payment of which they are given.

Land grant bonds pledge lands granted by the Government as a guarantee for regular payment of dividends. The land being gradually sold, and the proceeds applied to the retirement of land grant bonds, the majority of these securities have

been redeemed. Owing to the low prices realized for land, and considering the rapid rise in the value of real estate, it would probably have been more advantageous to railways to have retained their lands for some time to come, but need of funds and the advisability of reducing fixed charges usually induced them to accelerate these sales.

Collateral trust bonds are issued against no other security than funds of other railways. Many of the greater companies own vast amounts of stocks or bonds of subsidiary concerns, which gives them control; the Pennsylvania Railroad Company, for instance, possesses upward of $150,000,000 (nominal) of similar securities. When new funds are required they are often obtained upon the security of bonds of subsidiary concerns, which are given in trust to trustees. The value of trust bonds, like that of all mortgages, depends upon the value of the security upon which the advance is made, but usually the securities given in trust yield more than is required for the service of the collateral bonds, in which case the surplus, as a rule, goes toward a sinking fund, out of which trust bonds are redeemed.

Debentures are not frequently met with. They are bonds without any special collateral security, ranking after specified mortgage bonds, and their value depends entirely upon the financial status of the company by which they are issued.

Prior lien bonds likewise are not frequently met with. They are usually issued to pay debts enjoying precedence over mortgage bonds, and in consequence they rank before all other mortgages.

Income bonds more resemble preferred shares than bonds, no dividend being paid unless earned. At the same time they are akin to debentures, inasmuch as they are not issued upon any special security. They differ from preferred stock because no voting rights attach to them, and from debentures inasmuch as interest upon them in the majority of cases is non-cumulative.

In many cases bonds are redeemed by sinking funds. A

sinking fund is created by payment of an annual sum (usually ½ or 1 per cent., plus interest upon retired bonds) to the amount of which bonds are cancelled, such bonds being singled out by means of drawings which take place at stated intervals. Drawn bonds are repayable at any time, and cease to bear interest from the date on which they fall due.

Gold bonds are so called because they are repayable in gold, while their interest must also be paid in that metal or its full equivalent. Gold bonds are issued chiefly because of fears concerning a depreciation of the United States currency, a fear which has been inspired by the monetary policy of the Government.

Interest and Dividends. The net revenue of railways, after deduction of taxes and rentals (which are usually classed among fixed charges), is available for returns upon capital. Whatever these returns may be, the several mortgages have the first claim upon them according to their degree of priority, and if we omit collateral trust and land grant bonds, which, as it were, secure themselves and pay their own interest, the various descriptions of bonds will generally be found to rank as follows:

1. Prior lien bonds.
2. First mortgage bonds.
3. Second mortgage bonds.
4. Third mortgage bonds.
5. Debentures.
6. Income bonds.

It may be useful to mention that there is another class of bonds rarely met with, namely, *Receiver's Certificates.* They are issued by receivers to maintain the road; in other words, in grave emergencies only; and for this reason the courts have granted them first rights upon the property and placed them above prior lien and first mortgage bonds.

CHAPTER VII.

THE DAILY WORK OF A BROKER.

Outsiders—many of them—regard the business of trading in stocks as a broker as one of the easiest things in the world. All you have to do is to buy and sell—just as easy as rolling off a log. This idea is an erroneous one. Few trades or professions are more wearing on the nerves; few require more quick wit and sound judgment. Slowness, a tendency to errors and a poor memory will put a broker out of business in short order.

Dr. Paul Gibier, of the Pasteur Institute, once said to me: "I can always tell when there has been a panic in Wall Street without consulting the newspapers." Asked how, he replied: "By the number of Wall Street men who come to consult me suffering from nervous ailments attributable to the intense stress and worry under which they labor." Under a calm exterior brokers at times restrain intense nervousness. Unexpectedly touch many of them on the shoulder and they will start as only very nervous men can. There are Stock Exchange members who, to preserve a fair degree of health, are obliged to leave the scene of their work at frequent intervals.

A successful broker—one who will satisfy his customers—must possess all the desired qualities enumerated, together with cool-headedness, an excellent memory for fractions and faces, and a practical knowledge of the hundreds of tricks of the trade that would require a volume to explain in detail, besides everything pertaining to stocks and bonds that is worth knowing.

THE DAILY ROUTINE.

The average broker arrives in his office at 9:45 A. M. As an illustration we will take the day's work of a young broker who ably represents a large commission house on the Stock Exchange. He has scanned one or more morning papers on the way down town, and on entering the office he proceeds to look

up the London quotations on the news slips, after which he writes an early morning market letter. As the difference in time between London and New York favors us by five hours, we get the London mid-day quotations before the Stock Exchange opens, and the closing London prices shortly after. The broker then proceeds to the Board Room, where he is met by his telephone boy—almost all orders to buy and sell are telephoned—who gives him memorandum orders to execute at the opening. They include orders to buy and sell at the market prices, specified prices and stop orders dependent on the fluctuations of certain stocks. He may have a few or many orders. All, however, require care and speed, for each ⅛ lost means $12.50 lost, and a pleased or displeased customer.

OPENING ORDERS.

The Exchange is opened by the Chairman with a stroke of his gavel, and then ensues the hurried execution of the morning orders. Business is always brisk at the opening. In each stock crowd there is a telegraph operator employed to collect all the sales as fast as they are made and send them out over the ticker service (described elsewhere), and usually they are appearing on the tape from three to five minutes later than the actual transaction. As soon as possible after the broker makes a sale or purchase he hands a memorandum of the trade to his telephone boy, who wires it back to the office, which in turn notifies the customer.

Where there is a very active market and heavy dealings, the broker with a few orders will find matters easy, for he can trade at the prevailing prices. If, however, he has to buy or sell a large block of stock, he must display skill and judgment. A powerful voice is a great aid to a broker at times, and as he rapidly disposes of a big order he must remember the faces, or the names of the men he trades with, and the amounts and the prices of the stock he is trading in, as he has not, at that moment, time to stop and write them down. When

there is a lull in business he repeatedly sends messages to his office, advising the customers of the current rumors, the character of the trading, his opinions regarding the probable course of the market, and anything of interest to his firm. At the same time he is asked many questions, requested to quote various stocks, and hurries about from one crowd to the other, preserving an outward calm that would make the average man suddenly and unexpectedly transplanted in his place quickly change his view of the ease of a broker's life.

SOME THINGS A BROKER MUST KNOW.

A successful broker must know all his fellow-brokers; the firms and the financial interests they are supposed to represent. He must put the facts, as he observes the execution of a big order, hastily together and draw a speedy conclusion regarding its probable source. He must be able to detect the liquidation of stocks as distinguished from short sales; short covering from long buying, and foresee the approaching turn of the market. Give a big order to a novice and, in the vernacular of the Street, he will "slaughter" it. For example, a certain firm on one occasion, wishing to aid a newly-elected broker, gave him an order to buy 2,500 shares of stock at the market. He walked in the crowd and timidly bid for 200 shares at the market price, say 52, and as it was not forthcoming he bid 52⅛. He then bid 52⅛ for 300 more, and as it was not promptly forthcoming he bid 52¼. An old room-trader in the crowd interpreted his actions correctly—that he had a rather large buying order—and the speculator proceeded to help him bid the market up, taking 100 share lots, and when he had advanced it 1½ per cent. he suddenly turned seller and sold the young broker 800 shares, going short of the market, and having the satisfaction of watching the stock immediately drop back to a fraction within the price it was selling for before the young broker started his excited bidding.

Again a broker will have a big order of perhaps 3,000 or

5,000 shares, and he will rush in a crowd and offer 1,000 shares at the market. Selling them, he will offer 1,000 more at the same price, then drop a quarter, and so on until the lot is disposed of in a hurry. Had he tried to sell in small lots at the top figures time and money would perhaps have been lost, and in seemingly "slaughtering" the order he was pursuing the wisest course. This is especially true of the active stocks and when the order means liquidation.

It is the inactive stock that will test the broker's capacity. Many brokers make a specialty of one or two stocks, and naturally they accumulate buying and selling orders, besides trading for their own account. If another broker tries to trade in their inactive specialty, the specialist will try to make that broker pay more or sell at a lower figure than the previous quotation. If the specialist finds out that he wants to sell, the specialist will probably try to depress the market; if he wants to buy, an attempt will be made to advance the market. The result is a question of skill. The broker may pretend in a dozen different little ways that he wants to sell when he really wants to buy, and sometimes get the better of the specialist. A broker may have a selling order and go to a friend and say, "I want to sell 300 So-and-So. I am going over in the crowd and bid for 100. Those chaps will try to bid me up, and when they do, you come over and sell 'em my 300." Or a broker may have an order to sell 500 shares of a certain stock ½ per cent. above the market, and he may, by a lot of noise and furious bidding when he finds no stock offering, frighten bear traders into covering and bidding up the price to the point at which he wants to sell.

THE CAPABLE BROKER.

To disguise your trading so that other brokers cannot determine the character of your buying or selling; to execute and distribute orders so that the market won't run away from

you; to be cool and accurate at all times; to know how to adapt your orders to the varying tone of the market, whether it be weak or strong, dull or active, all require knowledge born of natural aptitude, study and experience. To master the rules governing bids and offers, their distinctions and bearing on the orders you may wish to execute, is a task which may be partially understood by a study of the rules which follow:

Bids and Offers.—Article XXII. of the Stock Exchange Constitution and By-Laws relating to bids and offers is as follows: Sec. 1. All offers made and accepted in accordance with the Constitution of the Exchange shall be binding. Sec. 2. In all offers to buy or sell, the offer shall be accompanied with some specific number of shares, the par value of which shall not be less than $500, and when no amount is named, it shall be considered to be for 100 shares of stock of the par value of $100, or $10,000 of bonds. No offer to buy or sell a specific lot shall take precedence of any offer to buy or sell a different lot. Offers to buy or sell larger or smaller amounts may be made at the same time and price with 100 share lots. Sec. 3. Offers to buy or sell shall be entitled to the floor in the following order: (1) Bids "seller three days," and offers to sell "buyer three days," shall take precedence of cash and regular. (2) "Cash" and "regular" bids and offers may be made simultaneously, as being essentially different propositions. (3) Offers to buy or sell on longer options than three days may be made at the same time with offers to buy or sell "buyer, or seller three." (4) In offers to buy on seller's option, or to sell on buyer's option the longest option shall have precedence. (5) In offers to buy on buyer's option, or sell on seller's option, the shortest option shall have precedence. No other bids or offers shall be permitted or have any standing upon the floor. Members violating the provisions of this section may be reprimanded by the Chairman, and repeating or persisting in the offence, may be cited to appear before the Governing Committee, who may, in their discretion, suspend the offender for a period of not more than ten days. Sec. 4. No sale of Securities shall be made on which a deposit shall be offered as the limit of the liability. Sec. 5. No contracts for the purchase or sale of Securities beyond sixty days shall be made in the Exchange. Sec. 6. On options of three days, Securities may be either delivered or called up to 2:15 P. M., on the third day. Sec. 7. In all contracts on time over three days made at the option of the buyer or seller, one day's notice shall be given before Securities can be delivered or demanded, and such notice shall be given at or before 2:15 P. M. Sec. 8. No fictitious sales shall be made. Any member contravening this section shall, upon conviction, be suspended for such period, not exceeding twelve months, as a majority of the Governing Committee present at a meeting thereof may

determine. Sec. 9. Any member who shall make fictitious or trifling bids or offers, or who shall offer to buy or sell a stock or security at a less variation than one-eighth of one per cent. shall, upon conviction, be subject to suspension for such period, not exceeding sixty days, as the Governing Committee may determine. Dealing before or after the opening hour is prohibited, as is dealing in privileges on the Exchange.

There are brokers who will never be rated as clever men at the business, even if they remain at the trade for a century or two. And there are others whose superiority causes them to be singled out and recognized throughout the length and breadth of Wall Street as competent men.

Brokers must pay for their mistakes and are held strictly to account under an arbitrary code of rules governing trading. It is not short of wonderful that a day's business of 1,000,000 shares and more can be conducted by very many less than 1,100 men—for all the members of the Exchange do not trade there every day.

During the day, or at the close of business, the broker must also make his loans, borrowing or lending money, as the case may be, and borrowing and lending stocks at the prevailing rates as he is short or long of them.

When the day's work is completed on the Exchange at 3 o'clock the broker sends over to his office a complete record of his day's transactions, then has a bite of lunch, and returns to his office to dictate a market letter. The one mentioned above dictates three a day—one in the morning, one at noon, and one in the evening. When it is all over, he is quite strong in the belief that he has earned his daily bread—and a little more.

STOCK MANIPULATION.

The distribution of manipulative orders and the manipulation of stocks is a scientific game in itself, the successful rules of which can only be explained by those who have had the experience. Perhaps Mr. Keene would tell you how he does it if you wrote and asked him—but the chances are that he

would not. At all events, you can imagine an office fitted up with a battery of telephones, and a veteran operator, who will study the ticker and issue his orders to trusted brokers. He will issue buying and selling orders in the same stock at the same time, and cover his tracks with the skill of an Indian. And then the shrewdest brokers will send messages to the office like this: "It looks like Keene selling," or, "It looks like Standard Oil buying." But they really don't know. This is the greatest and most fascinating of all financial games. Some men who are believed to have been very successful at this sort of thing have been unsuccessful. However, they are as reticent when they fail as when they succeed. And there are other men who are credited with great stock market operations who are, as a matter of fact, not in the market at all.

Those gentlemen (?) who with suspicious frankness tell you in the advertising columns of the daily press that they can see through stock movements and manipulation with the aid of "charts" and "systems" would bankrupt the Bank of England if they had the opportunity. Their services are as worthless as those of a fortune-teller. The man best qualified to give advice regarding the stock market is the successful stock broker, and the more capable he is the more earnest he will be in assuring you that he is not infallible. The last thing in the world you will find him doing is advertising in the newspapers that he has a "sure thing." Not only do the rules of the Stock Exchange forbid such advertising, but its members are above that sort of thing.

CHAPTER VIII.

RECEIVING AND DELIVERING STOCKS.

The hours for receiving and delivering stocks are from 10 A. M. to 2:15 P. M. Comparisons of stocks may be made before and after the hours named. The extremes of brokers'

offices are very wide. A member of the Stock Exchange can deal in stocks and have some firm of his choice receive and deliver them for him. He will then receive the profit or pay the loss, as the case may be. There are firms which make a specialty of "clearing" stocks for other brokers, and they charge about $2 for each 100 shares cleared. Such a broker only employs one clerk, who compares his transactions and "gives up" the firm that "clears" them. Or a broker may have an 8x10 office, employing a cashier to run six books, which comprise the bookkeeping system, and a boy to compare and deliver stocks, certify checks and make the bank deposits. Or a commission house, trading in stocks, bonds, curb securities, grain and cotton, may have a most elaborate system, requiring a banking department, offices for the reception of customers, branch offices calling for the employment of thousands of miles of leased telegraph wires, and separate bookkeeping and managerial departments for stocks and bonds, grain and cotton. A Stock Exchange firm recently invited all its employees and branch office managers to a dinner, and more than 200 guests were served. That particular house leases more than 5,000 miles of leased wire, has three Stock Exchange representatives, two on the curb, one each on the Cotton and Produce Exchanges and Chicago Board of Trade. It is obvious that a business of such magnitude requires a high order of business ability. To keep the wheels running smoothly without friction is a stupendous task, and the expenses, of course, are in keeping with the vast amount of work transacted each day.

As the big firms transact the same stock and bond business as little firms, only on a larger scale, a description of the office methods of a little firm will give one a good idea of the workings of a Stock Exchange house. A member of the Stock Exchange receiving and delivering stocks (and one who does not use the Stock Exchange Clearing House System—see next chapter) will require a cashier and messenger, and a bookkeeping system comprising six books. They are: a check

book, a cash book, a blotter, a loan book, a commission book and a comparison book. The check book is used for paying for stocks received and general bills. The cash book contains entries of stocks bought and sold, the amounts, the names of the firms they are bought from and sold to, and the prices of the securities. This book is balanced daily. The blotter contains the amounts of all stocks received and delivered, the names of the firms, and, for identification, the certificate and bond numbers of all securities delivered. The loan book contains a record of all stock loans, and the commission book a record of all commissions. All the above books can be conducted by one man. The comparison book can be conducted by the messenger, who at 3 o'clock each day receives from his employer a memorandum book containing all the transactions of that day. The messenger enters all the transactions in his comparison book and then turns the memorandum book over to the cashier, who enters them in his cash book and blotter.

When the messenger enters all the transactions in his comparison book he enters them on comparison blanks, which is simply filling out printed forms of purchases and sales. He then takes his book and comparison slips and calls at the office of each firm with which he has a transaction. He compares that transaction with the firm in question, and, if it is correct, leaves his comparison slip. If there is a dispute, the matter is referred back to the two brokers who made the transaction for settlement. On comparing all the transactions, the messenger returns to the office, where the cashier has posted his books, and the work of the day is completed.

The next morning at 10 A. M. the stocks will begin to come in. The cashier takes each bill and compares it with his book entries. If correct, he checks it off the cash book, and then examines the stock certificate to see if it is a good or bad delivery. If it is a good delivery he enters the number or numbers of the certificate on his blotter, so that they may be identified as coming from the firm which delivered the certificate. He then draws a check in payment of the stock and passes it

out to the waiting messenger. The number or numbers of the stock certificates are again entered on the blotter, this time opposite the name of the firm to which the stock will be delivered. A bill is pinned on the certificate and it is handed to the messenger to deliver. The messenger then takes the stock to the firm which is to receive it. There the same process as described above is followed, and in a few minutes the messenger receives a check. The messenger takes the check to the bank upon which it is drawn, and has the paying teller certify it. He then returns to the office with the check and hands it to the cashier, after which he receives other stock deliveries—one or a dozen at a time—and pursues the same course with each.

According to the rules of the Stock Exchange all deliveries must be made before 2:15 P. M., but if you had a block of stock coming from a firm which failed to deliver it, you could, if you wanted the stock, send the delinquent firm a notification that you demanded that the stock be delivered to you before 2:30 P. M. or you would "buy it in" "under the rule." (See Dictionary.) The delinquent firm then delivers the stock, even if it has to send to the Stock Exchange and buy the stock for "cash," which would then mean immediate delivery.

However, assuming that all the stock on your books had been received and delivered, the cashier would then make out a bank deposit slip, entering all his certified checks thereon, after which he would place them between the leaves of the bank deposit book. The messenger would take the book to the bank and make the day's deposit, returning to the office at about 2:30 P. M. In the meantime the cashier is busy balancing his check and cash books. At 3 P. M. the messenger is ready to receive the memorandums of the day's transactions from his employer, and the cashier is ready to give his employer a transcript of the daily balance, after which the methods, as described, are again followed out. There are many minor details, such as the making of loans (borrowing and lending money and stocks), the disposition of bad deliveries,

and so on, which would only confuse the novice, so they will be avoided here.

CHAPTER IX.

THE STOCK EXCHANGE CLEARING HOUSE.

The Stock Exchange Clearing House was organized in 1892, in order to curtail the work involved in making daily deliveries of all stocks. It was not described above, and may be fitted in the plan of the work by a separate explanation. The principle is the same as that employed by the Clearing House of the Associated Banks, but modified to suit the different requirements. Briefly, it means that clearances of certain stocks—the active ones—are made through the Stock Exchange Clearing House. If you are to receive 500 shares of stock on the morrow, and deliver 500 shares, instead of following out the routine already explained you pay into the Clearing House the difference you owe on the transaction, or receive from the Clearing House a check for the amount due you.

The part played by the Clearing House is a very important one, and a review and explanation of the work is not out of place.

In 1892 a special committee appointed by the Stock Exchange to consider and report upon the expediency of establishing a Clearing House for stock transactions said, in part:

"Your committee finds that every Stock Exchange of importance in both Europe and America (except the New York Stock Exchange) has to-day in successful operation some system of stock clearing transactions.

"The Stock Exchanges of London, Paris, Berlin, Frankfort, and other cities of Europe, all clear at their fortnightly or monthly settlements. Their method is at each settlement to reduce all contracts in one stock to one uniform 'settling' or 'making up' price, by paying the necessary differences, one contracting party to the other. The party who is 'even' in a

stock has then nothing to receive or deliver, and all the contracts are closed. The committee in charge of the clearing ascertain who has a balance of a stock to deliver, and also who has a balance to receive, and then order the former to deliver direct to the latter, thereby relieving from deliveries all intermediate parties who are 'even' in the stock. In the judgment of your committee the adoption by this Exchange of dealing for the 'account' is not expedient at the present time, and a system of clearing can be found which is better adapted than that of Europe to our system of daily deliveries."

This committee, headed by Francis L. Eames, the pioneer in Stock Exchange Clearing House work, and who has found an able successor in R. P. Doremus, the present chairman of the Clearing House Committee, carefully considered the three objections to a plan submitted. Of these objections the committee said:

OBJECTIONS OVERCOME.

"1. *Former Gold Clearing.*—The experience of the members of this Exchange in clearing is generally limited to the gold clearing of the New York Gold Exchange Board, many years ago, and they assume that any Clearing House for stocks must be conducted on the same principle. That method of clearing was, in the judgment of your committee, unwise, and they are opposed to any attempt to clear stocks on that plan which would require entrusting securities and money to the machinery of a Clearing House. The plan hereafter proposed entrusts neither money nor securities to a Clearing House.

"2. *Publicity.*—Many members fear that the clearing sheets will give too much information about important operations to the clerks in the Clearing House. The entry on the sheet of loans and of deliveries of stocks for any purpose places it in the power of a member to make his sheet as misleading as he desires. It is safe to assume that as soon as members become

familiar with the practice of clearing they will find no difficulty in securing all the concealment for their operations which they need, or at least all they have been accustomed to.

"3. *Legality.*—The laws of this State require in all contracts 'an intent to deliver.' At the present day, on the various Exchanges, transactions in securities and agricultural products have reached such a magnitude that to pass the actual property, or the warehouse receipt, or the certificate of stock, into the hands of each party to every contract is impossible. The business of the world is now too large to be transacted in that way. Contracts on which the actual delivery of the property can be enforced, if desired, make the markets of the world. The enormous business of the Produce Exchange, the Cotton Exchange and the Chicago Board of Trade is done by delivering the actual property or the warehouse receipt into the actual possession of a contracting party only when necessary, which means in but a small percentage of cases out of the aggregate number of contracts. The Supreme Court of the United States, and the courts generally of the Northern States, seem to have decided of late years that in lawful Exchanges contracts on which the actual delivery is enforceable show the required 'intent to deliver.' The members of the Chicago Board of Trade and of the New York Produce and Cotton Exchanges state that the courts have decided in favor of the legality of their system, recognizing in it an 'intent to deliver.' At all of these Exchanges the members individually endeavor to 'ring-out' (see Dictionary) their contracts. At the Cotton Exchange, for example, the cash differences on contracts so 'rung-out' are then officially cleared. This 'ringing-out' of contracts would seem to place their business legally about where ours would be with a clearing system for stock transactions in operation. Enormous transactions in gold in this city were cleared from 1867 to 1879, and, notwithstanding the vast sums involved and frequent litigation, your Committee has been unable to learn of any case in the Courts in which the legality of clearing was questioned."

WHY IT IS NECESSARY.

Of the advantages of clearing stocks the Committee said: "If this Exchange is to take its proper place in the future among the stock markets of the world, a system of doing business will be required which will stand the strain of a volume of business larger than any heretofore known. Our present system of actual payment of entire value in every transaction blocks up in active times both banks and offices to an intolerable extent, and is an obstacle to a growth of the business commensurate with the growth of the country. For causes well understood the banking facilities available for this business have not increased during recent years. A proper system of clearing, by largely reducing the volume of checks and deliveries, would relieve both banks and offices of much of the confusion and risk with which we are so familiar."

As the daily sales on the Stock Exchange in the last two years have varied from 250,000 to 1,250,000 shares a day it will be realized that the system of clearing now in vogue did not arrive too soon. Suppose 500,000 shares to be the daily average of sales, and 50 to be the average price of all the stocks sold, the checks paid out every day for stocks alone under the system described in the preceding chapter would amount to $25,000,000.

In submitting their plan to the Stock Exchange a series of transactions comprising the business of a brokerage firm for one day was summarized with the following results:

	Am't of Checks Issued.	*Am't of Checks Received.*	*Total Shares Rec'd & Del'd.*
Under old system................	$649,741	$607,456.66	18,700
Under Clearing system..........	67,700	25,415.66	1,700

The results of another series of transactions were compared as follows:

	Checks Issued.	*Amount.*	*Checks Received.*	*Amount.*	*Shares Rec'd.*	*Shares Del'd.*
Under old system......	21	$672,912.50	18	$671,075	7,900	7,900
Under Clearing system.	1	1,837.50	..	......	....	....

Each member whose sheet is even in stocks has no stocks to pay for or deliver. He has only one check (for the balance) to give or receive. The object of clearing is to place each member in nearly the position he would occupy had every one of his transactions been made with one member only.

"Or, in other words," says Mr. Doremus, "had it been necessary for us to use our old and cumbersome methods during the last two years, had there been no Clearing House we would not have been able to avoid certifying checks in 1898-99 calling for \$9,537,000,000—figures impossible to comprehend; in fact, you may say that with the old system we could not have transacted the business of 1899. The figures I quote simply represent the saving in check certifications; not the total business transacted."

THE FLAW IN THE OLD PLAN.

The flaw in the old plan, described in the preceding chapter, is not hard to detect. "While it is true," said Alexander Noyes in explanation, "that through the system of bank clearings there is avoided the transfer of enormous amounts of coin and legal tender notes, the difficulty thus escaped by the bankers was transferred in a measure to the brokers. Here was a cumbrous machinery of exchange by which it was continually necessary for a broker to have subject to his order very large deposit balances in bank. It did not, of course, follow that the broker must have his own money thus prepared for use. If he had bought, for himself or a customer, 1,000 shares of New York Central at 110, it was not essential that he should possess independently \$110,000 of idle money. On the contrary, the Stock Exchange's machinery was and is carefully adjusted so as to admit of his borrowing this amount on the pledge of the very stocks purchased. In the so-called 'loan crowd' of the Exchange the broker, now 'long' of 1,000 New York Central, could offer to lend his stocks, borrowing the \$110,000 against them from other brokers 'short' of the stock, or from banks or in-

dividual lenders. Nevertheless, it is clear that the demands of a day when there were $25,000,000 in security sales, must involve somewhere the actual holding, subject to the demands of the daily loan market, of $25,000,000 in bank deposits.

"In times of quiet business the only disadvantage in all this was the clumsy mechanism of transfer. But a time of panic altered the outlook materially. When call money was bid up to an exorbitant rate, or refused on certain classes of collateral, or, worst of all, when the money market was 'cornered,' as happened accidentally in 1897, and through deliberate purpose at other times, the 'shifting' of loans on such an expanded basis became a very serious problem. On the day of the famous 'flurry' in Manhattan Elevated stock, July 15, 1887, when the losses of one financier in the grain market were made good by the calling in of Stock Exchange loans outstanding to the credit of another financier, the market for loans on all classes of security went up to three-eighths of one per cent. a day. There were brokers active in the market whose purchases of stock that day amounted to, say $600,000, and whose sales amounted to $400,000. Under the then existing system checks to the amount of $1,000,000 passed through the hands of such a broker, and the total payments represented substantially $1,000,000 obtained by one party or the other in the loan market. The structure of outstanding loans having, for causes both unusual and unexpected, suffered violent disturbance, a very large percentage of these million dollars in loans, arising from the trade of a single broker, had to be renewed in the midst of a chaotic money market. Now it was obvious that whatever had been this broker's money transfers in fact, in theory he had only paid out a balance of $200,000. If it had been possible to strike off a balance sheet of his transactions for the day, the settlement would have involved his payment of that amount, and that only. If, for example, all his million dolllars' worth of purchases and sales had been transferred with one other broker, the day's business might readily have been settled by the simple payment of a check for $200,000. It

is the fundamental purpose of the Stock Exchange Clearing House to strike such balances for every member, precisely as if his dealings had been with a single other member. In one shape or another, this has been the intent of the stock clearing-house system in all its various forms and applications."

HOW IT IS CONDUCTED.

The Clearing House is managed by a committee of five Exchange members, appointed by the Governing Committee. Members of the Exchange are admitted to clear in their own names, and members not possessing such facilities can use the Clearing House on the written engagement of a fellow member, with office and clerks, to handle exchanges for them. Each clearing member is assigned a number. A charge of 2½ cents is imposed on every 100 shares of stock, including balances; only the active stocks are cleared. The Clearing House supplies "clearing sheets," tickets and drafts for use in accordance with the rules.

Before 4:15 P. M. on every day except Saturday, when the time is 1:15 P. M., the seller of stocks sends to the office of the buyer his "deliver ticket," this being the evidence that the transaction is duly entered on his books. The buyer at the same time sends to the seller's office his "receive ticket." This makes a complete comparison, and the tickets thus received are sent by the brokers to the transactions along with their sheets to the Clearing House. These sheets must be delivered at the Clearing House before 7 P. M., except on Saturday, when the time is 4 P. M. On Saturdays there is no formal clearing, but Friday's transactions are compared by exchange of tickets on Friday afternoon and entered on Monday's sheet.

The Clearing House sheet of a broker, adds Mr. Noyes, comprises the record, made up into "receive" and "deliver" columns of all his transactions for the day. As this sheet will ordinarily include trades in a considerable number of secur-

ities, the transactions in each separate security are grouped together. All transactions having been entered in one or the other column, the balance is struck. If the sheet as drawn up by the Clearing House shows a debit balance, the difference is entered as "balance check," and the sheet presented at the Clearing House must be accompanied by a check for the balance on a Clearing House Association bank near Wall Street, drawn to the order of the Stock Exchange Clearing House's own bank. If, on the other hand, the sheet shows a credit balance, it must have with it a draft on the Clearing House's own bank for the amount of the difference.

TWO ILLUSTRATIONS.

Precisely here comes in the interesting mechanism of the money clearings. It does not by any means follow that the purchase on one day of securities greater in volume than the amount sold involves a debit balance on the Clearing House sheet, and the consequent requirement of a check to the order of the Clearing House bank. This depends chiefly on the question whether the broker is "odd" or "even" in his transactions in stocks of one kind. Let us suppose first a sheet in which the broker was "even":

Received from			*Price.*	*Am't.*	*Delivered to*			*Price.*	*Am't.*
A. B. C.	100	St. Paul.	80½	$8,050	A. Bros.	600	St. Paul.	79	$47,400
D. & Bro.	500	"	80¼	40,125	A. & Co.	300	L. Shore	134	40,200
A. Bros.	100	L. Shore.	135	13,500	C. & Son.	100	New E'g	47½	4,750
B.C. & Co	200	"	135½	27,100					
K.N.& Co	100	New E'g.	48	4,800	Bal. Ch'k.				1,225
				$93,575					$93,575

It will be noticed in this table that the sheet shows transactions in every stock for an equal amount of shares on each side

of the account. Of St. Paul 600 shares were bought, 600 sold. The transactions in Lake Shore and in New England balanced similarly. So far as concerns the amount of the several stocks coming into or passing out of his hands, the broker is therefore in exactly the same position at the close of the day's business as he was at its opening. Under the old system of Stock Exchange transfers it would have been necessary for him to have received 1,000 shares of stock and to have delivered 1,000. Under the Clearing House plan he neither receives nor delivers a share of stock. This is an obvious gain. But the prices at which he bought were not those at which he sold. At the contracted prices his purchases demand payment of $93,575, while his sales entitle him to $92,350. Under the old system he would have been required for purposes of settlement to issue five checks and receive three, and bank balances to the aggregate of $185,925 would have been drawn upon to settle the day's transactions. The Clearing House makes possible the settlement of his whole day's trading in a single check for the small balance of $1,225.

But suppose that the amount of his transactions in each of the several stocks does not balance. The following sheet will serve as an illustration:

Received from			*Price.*	*Am't.*	*Delivered to*			*Price.*	*Am't.*
A. B. C.	900	St. Paul.	80	$72,000	B. & Bro.	500	St. Paul.	80½	$40,250
M. & L.	100	"	80¾	8,075	G. & Son.	1000	N. West.	118	118,000
D. E. & F	1000	N. West.	119	119,000	M. & O.	400	Mo. Pac.	59	23,600
A. Bros.	1000	New E'g.	48	48,000					
T. & W.	200	Mo. Pac.	58	11,600					
Bal. del.					Bal. rec.				
D'l. price	200	Mo. Pac.	57	11,400	D'l. price	500	St. Paul.	80	40,000
Bal. d'ft.				775	"	1000	New E'g.	49	49,000
				$270,850					$270,850

On this sheet it will be observed that the transactions in Northwestern stock comprised 1,000 shares bought and 1,000

shares sold. Under the Clearing House system, therefore, there will be neither receipts nor deliveries of this stock by the broker presenting the sheet. But with the other stocks traded in the case is different. Of St. Paul stock 1,000 shares in all were bought and only 500 sold. There is left in this stock, therefore, after the Clearing House operations a balance of 500 shares to be received. Similarly in the case of New England stock, of which 1,000 shares were bought and none sold, the broker must receive 1,000 shares. In Missouri Pacific stock, on the other hand, 200 shares were bought against 400 sold; so that the broker concerned has left a balance of 200 Missouri Pacific to deliver. These balances are duly entered, as the specimen sheet indicates, on their respective sides of the account.

TWO OTHER IMPORTANT POINTS.

Two further points in the Clearing House arrangements must here be noticed. One is that the brokers between whom given amounts of stock are to be actually exchanged are named arbitrarily by the Clearing House manager. Any broker having 500 shares of St. Paul to deliver may be directed to deliver it to the broker presenting the above sheet. He may have had no personal transaction with the broker assigned to him; that is a matter of no concern. The Clearing House deals with exchanges, not with bargains—with balances, not with persons; and so long as the entire list of deliveries due is assigned in correct proportion to the items in the list of receipts due, the Clearing House books balance and every broker will have received the stock to which he is entitled.

The other point is, that in assigning balances of stock for receipt or delivery, the Clearing House authorities reckon the value by use of an arbitrary price. The custom is to take the even price nearest the quotation of the day's last sale in the stock concerned, and these prices are made public immediately after the close of the Exchange, and are sent out on the tape of

the "official" ticker. The "delivery price" is not necessarily, and, indeed, not usually, the actual price at which the sales were made. In the specimen sheet above, for example, the three actual transactions in St. Paul were made, respectively, at 80, 80¾ and 80½. The arbitrary "delivery price" was 80, which is not even an average price. This fact, however, can make no difference in the accuracy of the final result, because the amount of the Clearing House check or draft assigned to balance the sheet is larger or smaller, according as the arbitrary Clearing House values for delivery vary from the actual values. A moment's study of the sheet will prove this. Suppose, for example, that all the transactions in St. Paul had been made at 80, both those in Northwestern at 119, that in New England at 48, and those in Missouri Pacific at 57, and that these figures had also been selected for the "delivery prices." It is clear that when the "deliver balance" of 200 Missouri Pacific and the "receive balance" of 500 St. Paul and 1,000 New England had been added to their respective sides of the account, the sheet would then have balanced, and that no draft would have been required. For the "receive" and "deliver" balances checks must, of course, pass through the brokers assigned for the exchange of stocks, precisely as was done on a far larger scale under the old system. The "balance draft" or "balance check," as the case may be, merely offsets the natural discrepancy arising from the use of an arbitrary price in calculating the money value of stock balances.

This ingenious bookkeeping device extends to the process of money exchanges all the economical advantages earlier secured in the exchange of stocks. The shares bought and sold in this sheet do not offset one another, as they did in the preceding table, but the amount of deliveries made necessary by the recorded transactions is reduced from 5,100 shares, under the old system, to 1,700 under the new. The exchange of checks, meantime, is economized in similar measure. The old system would have required the issue of checks for $258,675, and the receipt of checks for $181,850—a draft upon money balances

amounting in all to $440,525. Under the system of clearings, checks for only $89,000 need be issued by this broker and checks for only $12,175 received—a total of $101,175. Here is a saving of more than 75 per cent. in the amount of money which a broker must be able to command for use in his day's settlements.

CHAPTER X.

HOW STOCKS AND BONDS ARE TRANSFERRED AND WHAT CONSTITUTES A GOOD AND BAD DELIVERY.

For your information, we quote in full the Rules and Regulations of the New York Stock Exchange *in re* the delivery of stocks and bonds. Note these rules, and whenever shipping securities for delivery against sale, be sure that the requirements of the Exchange have been complied with. By so doing considerable unnecessary trouble and delay will be avoided.

RULES FOR DELIVERY.

RECLAMATIONS.

(ART. XXXVI, CONSTITUTION.)

1. "Reclamations for irregularities in deliveries of securities, when such irregularities do not affect their validity, but only currency in market, will not be considered valid unless made within ten days from day of delivery."

All claims under the above law must be made before 2:15 o'clock P. M.

When a proper reclamation is made for irregularity in delivery of stock, the claimant may require from the seller the immediate delivery of a good certificate for the irregular one. If the seller is unable to comply, he must at once give a check for the market value of the stock; but he shall receive back the amount so paid at any time thereafter, during delivery hours, upon returning a good certificate. The giving of a check, however, does not relieve him from liability for non-delivery.

The same rule applies to Bonds and also to loaned Securities.

STOCKS.

2. The signature to the assignment upon a certificate of stock must be technically correct, *i. e.*, it must correspond with the name as written

upon the face of the certificate in every particular, *without alteration or enlargement, or any change whatever.* "Mr.," "Messrs.," or "Esq.," however, need not be prefixed or affixed to signatures.

"And" may be written "&" and *vice versa.*

"Company" may be written "Co." and *vice versa.*

Certificates in the name of a MARRIED woman are not a good delivery *while the transfer books are open;* when the transfer books are closed, a joint execution of the assignment by the husband and wife, and a joint acknowledgment before a Notary Public, will make the certificate a delivery only during closing of transfer books.

The following form should be used:

STATE OF............ }
COUNTY OF.......... } ss.:

On this..........day of..........18...., before me came.................., and....................her husband, both of them to me known, and they severally acknowledged that they executed the foregoing Assignment and Power of Attorney, for the purpose therein mentioned.

[SEAL.]

Certificates in the name of UNMARRIED woman or a WIDOW are a good delivery when the following form of acknowledgment is executed upon the back of the Certificate:

STATE OF............ }
COUNTY OF.......... } ss.:

On this............day of............18...., before me personally came ...., to me known and known to me to be an unmarried woman (or widow) and known to me to be the same person named in the within certificate of stock and described in and who executed the foregoing Assignment and Power of Attorney, and acknowledged to me that she executed the same for the purpose named.

[SEAL.]

The foregoing Rule does not obtain when the prefix "Miss" appears upon the face and reverse of a Certificate.

"Brothers" must be endorsed exactly as drawn, not "Bros." and *vice versa.*

All prefixes and affixes such as "Judge," "Major," "Hon.," "Right Hon.," "Doctor," "M. D.," "D. D.," "Rev.," "LL.D.," etc., must appear in the endorsement.

It is suggested that parties should have certificates filled in as they intend to endorse them.

3. Powers of Attorney or of substitution or assignments, signed by Trustees, Guardians, Infants, Executors, Administrators, Agents or Attorneys, are not a good delivery.

4. When Transfer Books are closed by any legal impediment, so as to render their being open again uncertain, Powers of Attorney must be acknowledged before a Notary Public, with seal and date.

5. In the delivery of stock the RECEIVER shall have the option of receiving said stock by certificate and power irrevocable, in the name of, witnessed or guaranteed by, a member of the Exchange, or a firm represented at the Exchange, resident or doing business in New York, OR BY TRANSFER THEREOF; but in all cases where personal liability attaches to ownership, the SELLER shall have the right to *deliver* stock by transfer.

6. In all deliveries of Securities, the party delivering shall have the right to require the purchase-money to be paid at the time and place of delivery and receipt of said Securities. If delivery is made by transfer, payment may be required at time and place of transfer.

7. An endorsement by a member of the Exchange or a firm represented at the Exchange, on a Certificate, is considered a guarantee of the correctness of the signature of the party in whose name the stock stands. In all cases where Powers of Substitution are used, the original Assignment and Power of Attorney, and each Power of Substitution, must be guaranteed by a member, or a firm represented in the Exchange, resident or doing business in New York.

Securities in name of or guaranteed by a firm or member of the Exchange suspended for insolvency are not a good delivery. If books are closed, said securities will be a good delivery during the closing of the books only, when the assignment thereon shall have been acknowledged before a Notary Public, verifying the date of execution, which date must have been prior to suspension.

8. A detached Power of Attorney, or of substitution, must contain a full description of the Stock or Bond by name of Company and number of certificate, and must be acknowledged by or proved before a Notary Public, with seal and date. A separate power and acknowledgment must accompany each certificate. (Art. 24, Sec. 4, Constitution.)

9. In acknowledgment of a Power of Attorney, the Notary shall certify with seal and date that he knows the person signing the power to be the person named in the certificate, and that he acknowledged the signature. If in name of a Firm, the Notary shall certify that he knows the person, and knows him to be a member of the Firm, or if the Firm is dissolved, that he knows him to have been a member of the Firm, and that he acknowledged, etc., etc.

10. If proved by the witness, the witness must swear that he knows the person who signed the Power to be the one named in the Certificate, that he saw him execute and deliver, and that he acknowledged to him that he did execute, etc., etc. If the Certificate is in the name of a Firm, the

witness must also swear that he knows the party signing to be a member of the Firm.

11. Certificates in the name of an institution, or in the name with title affixed, as Cashier, President, or other official designation, are not a good delivery unless assignment is acknowledged before a Notary, with seal and date, who must certify that he knows the person signing, and knows him to be the person authorized, and that he has seen the minutes of the Institution, authorizing said person to make the assignment. Some Companies require, in addition, a certified copy of the resolutions of the Directors of the Company in whose name the Stock stands, authorizing the assignment, as Western Union Telegraph, the Companies having their Transfer Agencies at Grand Central Station. and American Sugar Refining Company.

12. The several Companies having Transfer Offices at Grand Central Station, 42d Street, require Power on Certificate, in the name of a *Foreign Resident*, to be acknowledged before a United States Consul, or before J. S. Morgan & Co., London.

13. Certificates in the name of a deceased person, or of a firm which has ceased to exist, are a good delivery *only during closing of transfer books*, and when acknowledged or proved, as defined in Art. 27, Constitution. When Transfer Books are closed, if unproved Certificates are delivered after death or dissolution, they must be taken back *at any time* while Transfer Books remain closed. When Transfer Books are open, if Certificates, whether proved or not, are delivered after dissolution or death, they must be taken back if claim is made within *three days*, provided Transfer Books are still open.

When a firm dissolves and the business is carried on by a new firm, under the old firm name, Certificates, the assignments of which have been executed by the old firm, will be a good delivery when the new firm shall have written after said assignment, "execution guaranteed," with date, and signed the new firm name thereto.

14. Certificates in name of Individuals or Firms, which have ceased to be members of the Exchange, are not a good delivery unless guaranteed by a member of the Exchange or Firm represented in the Exchange.

15. A Certificate for more than 100 shares is not a good delivery. Certificates for less than 100 shares are a good delivery in lots of 10 shares. The Receiver may in all cases require delivery by transfer, provided there be ample time to make it and the transfer books art open.

16. When a claim is made for a dividend on Stock after the transfer books have been closed, the party in whose name the Stock stands may require from the claimant presentation of the Certificate, and a written statement that he was the holder of the Stock at the time of the closing of the books and also a guarantee against any future demand for the same.

17. Certificates in the name of parties residing in Foreign Countries are

not a good delivery *on the day of closing* of the Transfer Books, if said books are to be closed for a dividend.

BONDS.

18. Coupon Bonds issued to bearer, having an endorsement upon them not properly pertaining to them as a Security, must be sold specifically as "Endorsed Bonds," and will not be regarded as a good delivery under a sale not so qualified.—Resolution of Governing Committee, adopted May 23, 1883.

19. Bonds with a stamp or endorsement stating that they have been deposited with States as security for Bank circulation or Insurance, must be released and acknowledged before a Notary, and then are a good delivery only as "Endorsed Bonds."

20. If a definite name, such as John Smith, John Brown, Bank of America, Canton Company, appears upon a Bond, it is regarded as implying ownership which must be released, with acknowledgment before a Notary. The Bond is then a good delivery only as an "Endorsed Bond."

21. Bonds with assignments or releases executed by Trustees, Guardians, Infants, Executors, Administrators, Agents or Attorneys, are not a good delivery as "Endorsed Bonds."

22. Coupon Bonds.—Delivery must be of the denomination of $1,000 or $500. Large Bonds (over $1,000) or Small Bonds (under $500) good only in special transaction.

23. Registered Bonds.—Deliveries must be in certificates not exceeding $10,000.

24. Coupons on a Bond must be those which properly belong to it, of the corresponding number. In case of absence of any Coupon, its full face amount in money is a good substitute, unless special notice is given to the contrary; provided, however, that in case of absence of a *past due* Coupon from a Bond of which any of the past due Coupons have been paid *with interest*, its full face value in money, with interest thereon to date of delivery, is only a good substitute.

Extract from ruling of the Committee on Securities, July 26, 1887:

RESOLVED, That in the opinion of this Committee, the old-established rule that in the absence of Coupons, the face value thereof attached to the Bond should constitute a good delivery, was intended simply to protect the interests of holders of Bonds where the coupon or coupons had been actually lost and could not be supplied, and that it was not intended to furnish facilities for parties to cut off the coupons and attach the face value thereof when it was, or seemed to be, for the interest of the seller to do so.

25. Coupon Bonds which can be registered in a name or to Bearer, and which have been registered in a name, must be registered to Bearer to be

a delivery. When Transfer Books are closed, if registered in a name, a Power of Attorney, acknowledged before a Notary, in name of, witnessed or guaranteed by a member, must accompany each Bond.

When shipping stocks to brokers always be sure that a 25-cent revenue stamp is attached to the certificate for every Power of Attorney thereon, in compliance with the Revenue Law; and brokers further emphasize that portion of the foregoing Rules requiring all certificates to be endorsed with the name as written upon the face of the certificate in every particular, without alteration or enlargement or any change whatever.

CHAPTER XI.

STOCK PRIVILEGES.

Stock privileges consist of "puts," "calls" and "spreads." They are not dealt in on the Stock Exchange, which prohibits trading in them on the Board. A few brokers trade in privileges on the curb, and a few Stock Exchange houses sell them; in fact, they are, as a rule, only considered worth having when sold by a Stock Exchange house.

A blank "call" reads as follows:

New York,......................19

FOR VALUE RECEIVED, the bearer may CALL ON ME on one day's notice except last day when notice is not required........................ of the....................Stock of the.................................... ....Company, at.................................... ....per cent. any time in......................days from date.

All dividends for which Transfer Books close during said time, go with the Stock.

Expires......................19 ....

..................M

Assume that on February 27 you bought a call on 100 Third Avenue at 75, good for 30 days, and paid $500 for it. On March

20 you could have "called" 100 Third Avenue at 112, and received the difference between the price of your "call" and the market price, 112, which would be $3,700. Deducting the cost of the call, $500, you would have profited $3,200 by the transaction. On the other hand, if the stock had failed to advance above 75, your privilege would be worthless and you would be out $500. There would be no delivery of stock, simply the payment of the difference.

A blank "put" reads as follows:

New York,......................19

FOR VALUE RECEIVED, the bearer may DELIVER ME, on one day's notice except last day when notice is not required....................Shares of the...................Stock of the..
.............................Company, at....................................
..................per cent. any time in......................days from date.
All dividends for which Transfer Books close during said time, go with the Stock.

Expires......................19 ....
..................M

Assume that on February 27 you bought a "put" on Sugar at 110, good for 30 days, and paid $500 for it. On the decline which followed you could have "put" the stock to the maker of the privilege (as stocks are not received and delivered on these transactions, the maker simply pays the difference) at 98, and thereby received $1,200. As the cost of your put was $500, there remained a profit of $700. Had the stock advanced instead of declined, you would have been out the cost of the put.

A "spread" combines both privileges; that is to say, you have the privilege of "calling" (receiving) or "putting" (delivering) the stock at specified prices and time limit. To illustrate: Assume that Union Pacific common was quoted at 50 and you bought a 30-day spread 5 points away from the market—45 and 55. You would then have the privilege of delivering the stock if it declined below 45 and receiving the difference be-

tween 45 and the market price; or if it advanced above 55, you could call the stock and receive the difference between 55 and the market price.

The privilege probably originated as a form of speculative insurance. Among the once great men of Wall Street who sold them were Commodore Vanderbilt, Daniel Drew, Jay Gould and Harvey Kennedy. Rufus Hatch & Co. wrote many for Henry Keep. Charles Woerishoeffer, the great bear operator, bought many. The leading men who sell them to-day are Russell Sage, James R. Keene and S. V. White.

If a speculator is long a line of 2,000 shares of stock at the prevailing market price he will at times buy "puts" for 2,000 shares as near to the market price as possible. If prices go up he can probably sell his stocks at a profit, after paying the cost of his "puts." If stocks decline he minimizes his losses to the cost of the "puts" and the differences between the price of the "puts" and the prices he paid for his "long" stocks. The same principle can be reversed if a speculator is "short" of stocks when he will buy "calls."

Privileges have also been used by great operators to encourage public buying of the stocks in which they are interested. Thus, if a man wants to advance a certain stock he can publicly offer to sell "puts" very close to the market. The public will perhaps conclude that the stock is going up, or the "puts" would not be offered by an insider so close to the market and at low prices. They can be used in other ways to aid in stock manipulation.

Quotations for privileges depend upon the reputation of the stock for activity, the prevailing news and all the other factors that influence speculation. Sugar thirty-day privileges are usually sold ten points under or above the market price; those of a relatively slow fluctuating but high grade railroad stock, 2, 3 or 5 points away from the market. There is, however, no rule governing quotations.

THE CONSOLIDATED EXCHANGE.

CHAPTER XII.

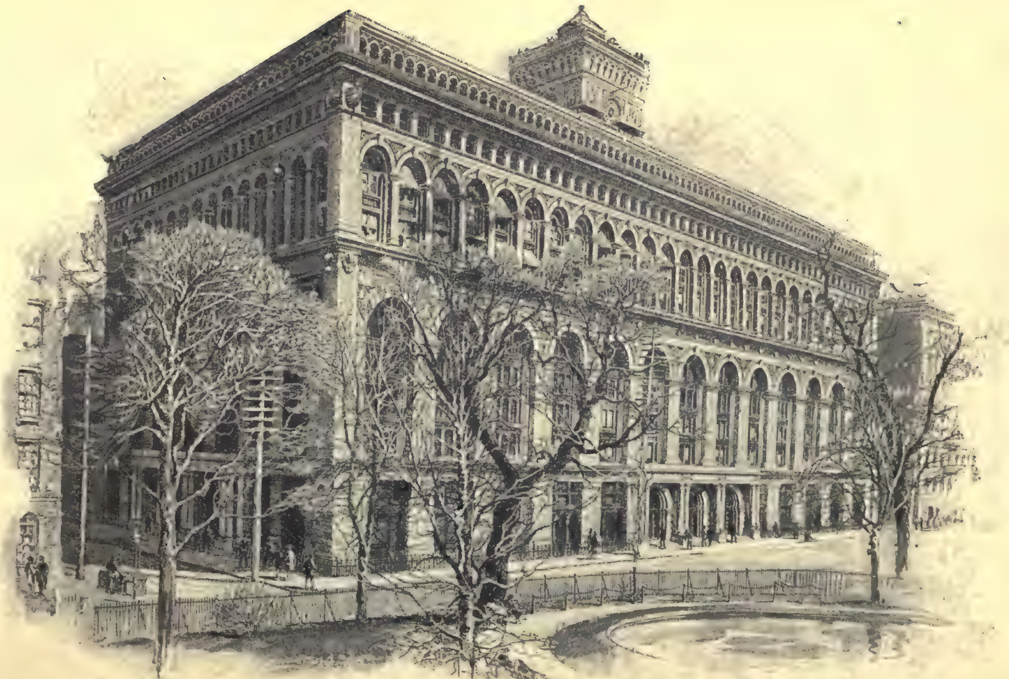
THE CONSOLIDATED EXCHANGE.

The Consolidated Stock and Petroleum Exchange, or the Consolidated Exchange, as it is popularly known, is the outgrowth of a mining exchange and an oil exchange. It is a voluntary association of brokers, as is the Stock Exchange. Trading in stocks, grain and mining shares in relatively smaller volume than the great Exchanges is conducted there. All the transactions (except in mining stocks) are settled through a Clearing House. Many of its members build up a business that enable them to buy memberships in the Stock Exchange, while others prefer to remain with the Consolidated, which has several firms that transact a large volume of business. The Consolidated Exchange introduced a Clearing House system in 1886, and it is this system which in many of its arrangements has since been adopted by the Stock Exchange. The Clearing House of the Consolidated Exchange provides for the delivery of stocks once a week—on Mondays—the result of which is that the average trade is made on three days' time. Money balances, however, are settled daily; therefore, the accounts of bankrupt brokers are settled immediately for cash. The system is an excellent one, and a prime advantage is that a speculator buying stocks on Monday, Tuesday, Wednesday, Thursday or Friday has them carried free of interest charges until Saturday, when stock loans are made for the ensuing week.

CHAPTER XIII.

TRADING IN GRAIN.

The rules of grain and provision trading on the New York Produce Exchange and Chicago Board of Trade contemplate the actual delivery of all property sold on the maturity of con-



THE PRODUCE EXCHANGE.

tracts. Grain contracts mature on the last day of the term mentioned in the contract. To facilitate business, transactions may be settled through the Clearing House, and the bulk of speculative contracts are so settled. It is simply a matter of the payment of differences, just as the Stock Exchange and banks employ Clearing Houses, and the system is the same, only modified to suit the circumstances. The actual property, however, must be delivered on the last business day of the term or month named in the contract, unless previously sold. In the event of failure to so deliver, the defaulter must be held responsible for the damages sustained by the purchaser through the non-delivery. An immense volume of grain and provisions is delivered on sales on the first working day of each month. Much of the products have been purchased weeks and months ahead of the delivery day when they are received by the buyer, and distributed through the usual channels of commerce to the consumer, whether he be in this country or in Europe.

COMMISSIONS.

The commissions for a margin grain or provision transaction (made and closed) are:

Wheat, Corn and Oats	⅛c per bushel
Pork	2½c per barrel
Lard and Ribs	2½c per 100 pounds

GRAIN FRACTIONAL PROFITS.

Fractional profits in grain are:

	Bushels.	*Profit. Amount.*
⅛ per cent. on	5,000	$6.25
¼ per cent. on	5,000	12.50
⅜ per cent. on	5,000	18.75
½ per cent. on	5,000	25.00
⅝ per cent. on	5,000	31.25
¾ per cent. on	5,000	37.50
⅞ per cent. on	5,000	43.75
1 per cent. on	5,000	50.00

THE CHICAGO BOARD OF TRADE.

	Bushels.	Profit. Amount.
2 per cent. on	5,000	$100.00
5 per cent. on	5,000	250.00
10 per cent on	5,000	500.00

The lowest margins received are: Wheat, 1,000 bushels, 2 cents per bushel, $20; corn or oats, 5,000 bushels, 1 cent per bushel, $50.

PORK FRACTIONAL PROFITS.

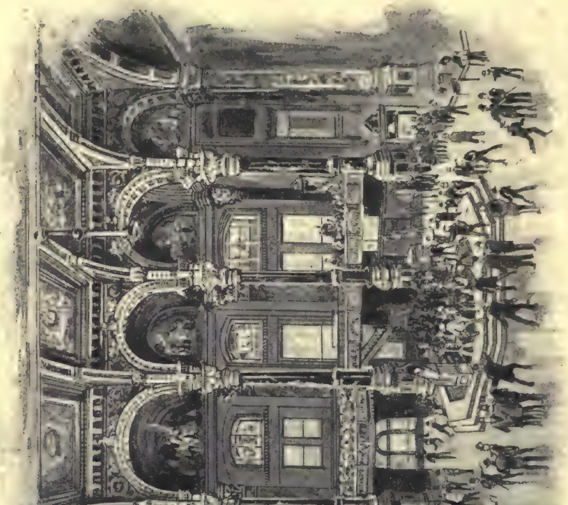
	Barrels.	Profit. Amount.
2½c per barrel on	250	$6.25
5c per barrel on	250	12.50
7½c per barrel on	250	18.75
10c per barrel on	250	25.00
12½c per barrel on	250	31.25
15c per barrel on	250	37.50
17½c per barrel on	250	43.75
20c per barrel on	250	50.00
25c per barrel on	250	62.50
50c per barrel on	250	125.00
100c per barrel on	250	250.00

The lowest margin received is $125, or 50 cents a barrel, on 250 barrels. The commission is 2½ cents per barrel.

LARD FRACTIONAL PROFITS.

	Tierces.	Profit. Amount.
2½c per 100 pounds	250	$21.25
5c per 100 pounds	250	42.50
7½c per 100 pounds	250	63.75
10c per 100 pounds	250	85.00
15c per 100 pounds	250	127.50
20c per 100 pounds	250	170.00
25c per 100 pounds	250	212.50
50c per 100 pounds	250	425.00
100c per 100 pounds	250	850.00

The lowest margin received is $175 on 250 tierces; the commission on a bought and sold trade, 2½ cents per 100 pounds.



THE CHICAGO BOARD OF TRADE—INTERIOR.

When trading in ribs the lowest margin received is $125 on 50,000 pounds; the commission is 2½ cents per 100 pounds.

CHAPTER XIV.

GRAIN PRIVILEGES (PUTS AND CALLS).

Probably the public generally has little conception of the extent to which the business of trading in privileges is conducted or of the use which is made of "puts and calls" among traders on the commercial exchanges of New York. That such privileges are important aids to speculation is recognized by the trade, and that they are lawful would appear from the fact that they are taxable under the Internal Revenue law. Indeed, in the fall of 1898, a determined effort by the New York Produce Exchange to suppress dealings in privileges was abandoned after a ruling by the Internal Revenue Commissioner that "puts and calls" were subject to the same tax as actually consummated transactions. The fact that dealings in privileges were not forbidden by any law of this State was established by the opinion of the counsel of the Exchange, and thereafter they were recognized by the managers as legitimate.

The Produce Exchange and Chicago Board of Trade prohibited trading in privileges early this year.

For the information of the uninitiated it may be said that "puts and calls" are a form of insurance against loss in transactions in commodities dealt in on the exchanges. For example, if a dealer has a quantity of wheat for which he paid 76 cents per bushel, he buys from the maker of privileges a "put" which entitles him to deliver the wheat on the following day, or subsequently, as may be agreed upon, at 75½ cents. With this insurance against the loss of more than half a cent per bushel plus the price paid for the "put," he holds his wheat for an advance, and if the market rises he realizes his expected profit. If, however, the market should fall, he delivers or sells his

THE COTTON EXCHANGE.

wheat to the maker of the privilege, thus losing only half a cent per bushel.

A "call" would insure against loss a trader who wished to make a speculative sale of wheat. He would obtain a privilege to buy on call the staple at a fraction higher than the market price and then make his speculative sale. If the market should rise, instead of falling, he would call upon the maker of the privilege for the wheat, and thus lose only the difference between the figure named in the "call" and the price at which he made his speculative sale. The success of such operations as these depends greatly upon the ability of the maker of the privilege to meet his engagements.

It is asserted that it is the practice of exporters of grain to protect their contracts, made on cable orders, with privileges, and the dealings therein are recognized as not only useful, but in many instances necessary adjuncts to speculation in all staples. They are of much the same character as options in the cotton market, without which speculation in that staple would be greatly restricted. The use of privileges is maintained by traders to be as legitimate as the use of options on real estate, which may be availed of or not, according to the choice of the purchaser of the option.

CHAPTER XV.

TRADING IN COTTON.

The "future" method employed in cotton trading on the New York Cotton Exchange is similar to that in grain trading. The ordinary trade is 100 bales of 500 pounds each. One point represents one-hundredth part of one cent. Each point advance or decline equals $5 on each 100 bales. If the market advanced 25 points, or one-quarter cent per pound, the profit would be $125 on 100 bales.

THE COTTON EXCHANGE—INTERIOR

COTTON FRACTIONAL PROFITS.

They are:

	Bales.	Profit. Amount.
1-100 cent on	100	$5.00
2-100 cent on	100	10.00
5-100 cent on	100	25.00
25-100 cent on	100	125.00
50-100 cent on	100	250.00
100-100 or 1 cent	100	500.00
2 cents	100	1,000.00
5 cents	100	2,000.00

The lowest cotton margin received is $1 per bale on 100 bales, or $100. The commission on a bought and sold trade is 10 cents per bale, or $10 per 100 bales.

CHAPTER XVI.

TRADING IN COFFEE.

Coffee trading in futures also resembles grain trading. The ordinary amount traded in is 250 bags, which weigh about 130 pounds each. The fluctuations are 5-100ths of one cent per pound. Each point equals $16.25 on 250 bags. A purchase of 250 bags which advanced in price 2 cents would yield a profit of $650.00.

COFFEE FRACTIONAL PROFITS.

They are:

	Bags.	Profit. Amount.
1-20th cent	250	$16.25
2-20th cent	250	32.50
5-20th cent	250	81.25
20-20th or 1 cent	250	325.00
2 cents	250	650.00
5 cents	250	1,625.00
10 cents	250	3,250.00

The lowest coffee margin received is $1 per bag on 250 bags, or $250. The commissions on a bought and sold trade are 10 cents per bag, or $25 per 250 bags.

CHAPTER XVII.

THE CURB MARKET.

The curb market, as it is at present constituted, comprises the shares and bonds of several hundred miscellaneous corporations. The list includes in the main gas, street railway, mining, bank, trust company, industrial and municipal corporation securities. Most of the securities, which represent very diversified interests scattered throughout the country, are inactive, but a part of the list is very active, and sufficiently so to gather a large crowd of brokers every day. They congregate, rain or shine, on Broad street, just below the Stock Exchange, and opposite the Mills Building. Their hours of trading are between 10 A. M. and 3 P. M., but there is no arbitrary limit, and they trade before and after these hours. Attempts have been made to bring the curb market under the jurisdiction of the Stock Exchange, but they have not been successful for reasons which will be made plain hereafter.

Curb securities are not dealt in on the Stock Exchange. When an industrial company is organized the shares are sometimes dealt in on the curb before the certificates are printed, and when so sold the sale is made "when issued," and the subscription receipts serve as temporary stock certificates. Then there is a brief interval of curb trading in the stock of such a company after it is issued, until the stock is listed or unlisted on the Stock Exchange, when curb trading in that particular stock ceases. The Stock Exchange does not recognize curb trading in any of the stocks listed in that organization; it will not enforce contracts made outside of the Exchange.

Naturally there is a wide range in the character and value of curb securities. The extremes are represented by Standard Oil Company stock, which sells at $530 a share, and Bay State Gas, which sells at $1 a share. The growth of the curb market extends back about ten years. In 1890 there were a very few brokers who made a specialty of dealing in the stocks and bonds of New York and other cities that were not listed on the Stock Exchange. They "shopped" around from office to office negotiating sales, and transacted a small but profitable business, which year by year steadily expanded. As it grew in volume the brokers became more numerous; so much so, that instead of calling from one office to another they involuntarily decided upon a common meeting place on Broad Street. The man most responsible for this outcome is a well-known broker, who handled an immense volume of curb business and was a most aggressive pioneer in forcing the growth of the curb market. In 1899 the curb market experienced the fullest development that it has known. The daily transactions reached hundreds of thousands of shares at times, and the speculation extended to all sorts of securities. There was a craze for electrical, gas and other industrial stocks, and the curb broker traded in 1,000 share lots in a way that was astonishing even to the oldest veteran of Wall Street.

Leading Stock Exchange houses found it necessary to open branch departments to handle their business on the curb, but independent of their representatives, there are many other brokers—mostly young men—who make a specialty of the securities dealt in there. It was to be expected that a few adventurers would creep in a market so unprotected as this one, but episodes resulting from their criminal efforts have been relatively few. Brokers who deal on the curb require to know the men they are dealing with, and unless they are responsible, refuse to buy from or sell to them. If there is any doubt about a broker he will be required to "give up" the name of a responsible house with which the transaction can be immediately compared.

ADVANTAGES AND DISADVANTAGES.

Trading on the curb differs from trading on the Stock Exchange. If a man wants to buy highly speculative curb stocks a Stock Exchange firm will usually ask him to buy them outright and not on a margin. If he possesses the stock certificates they will always sell them if there is a market. Some houses will carry curb stocks on a margin, but they are few. Of course there are many investment curb securities which are gilt-edged collateral, and they can be bought in the usual Stock Exchange way.

Curb trading is more susceptible of manipulation than Stock Exchange trading. The dealings are not recorded on any ticker; in fact, there is no record of sales whatever, and it would be difficult, probably impossible, to approximate the dealings at the close of the day's business. This makes it necessary for a man trading in the curb market to secure a reliable broker. Thus, if you should give a broker an order to sell 100 shares of stock at 50, and he should sell it at 51, an unreliable broker would bill it to you at 50, pocketing his commission and the extra point. On the other hand, if you bought 100 shares of stock at the market, the stock could be billed to you at a fraction above the actual purchase price and you would not be a bit the wiser. It will also be readily seen that the opportunity for washed sales is a very open one, and it is needless to say that it is taken advantage of. The commissions on the curb are the same as those of the Stock Exchange—⅛ each way, or $12.50 to buy or sell 100 shares.

The curb market has its advantages and disadvantages. It does not attract a broad speculation, as on any of the big exchanges, for it is not safeguarded by enforced rules and regulations, and there is no responsible organization sponsor for it to the public. There is a good substitute, however, in the Stock Exchange firms a man can deal through. Curb quotations are not regarded by banks in many instances as favorably as Stock Exchange quotations when loans are asked on collateral. An

advantage, however, is that a good stock will not be unduly depressed by bear manipulation. In times of panic there is a necessarily limited and narrow curb market. Curb stocks are owned outright, and their owners are usually prepared to stand by them through a crisis. To attempt to sell them would entail absurd sacrifices. At such a time the curb does not present the scene of wild excitement that may be witnessed on the Stock Exchange. There is no frantic rush to sell, for when the buyer took up and paid for his stocks he understood that during a panic liquidation would be in all probability impossible, just as it would if he owned and wanted to sell real estate. Consequently, with the margin speculator eliminated, the curb passed through the panic and flurries of 1899 comparatively unscathed.

A CLEVER SWINDLE.

The greatest swindle ever perpetrated on the curb was that known as the "Electric Car Coupler" deal. In 1899, taking advantage of the degree of favor enjoyed by electric stock securities with the public, a gang of clever swindlers organized the Electric Car Coupler Company. It existed on paper only. Alleged valuable patents were claimed; a fine office was rented; a glittering array of officers and directors was secured; handsomely engraved stock certificates were printed, and the many details of corporation organization and promotion were attended to with all the skill possible for an educated criminal to exhibit. Having proceeded so far, the next thing to do was to quote the stock on the curb, and that was simply and easily done by employing confederate brokers to bid up the price of their own stock, and so it was quoted on the curb and in the newspaper reports of the curb market at 80 or 90 or thereabouts. To all intents and purposes it was a legitimate enterprise, legitimately quoted, and a fit companion of self-respecting curb stocks.

The game was then shifted in part to other cities. The

gang sent confederates to Philadelphia, Boston, Buffalo, Pittsburg and Chicago. In each city the confederate followed out a common plan. He introduced himself to a brokerage concern and opened an account to trade in Stock Exchange securities, depositing $2,000 or more, according to the extent of his trading, on a 10 per cent. margin. In the course of a few days he produced a letter from an alleged prominent Wall Street man, which contained a strong "tip" to buy Electric Car Coupler. The representative of the out-of-town firm was asked what margin would he require to carry 200 or 300 shares of Electric Car Coupler. He sent a special wire to his Stock Exchange house in New York asking the latter to quote Electric Car Coupler. Back came the quotation—81 bid, 82 asked. The out-of-town firm offered to carry 200 shares on a 20 per cent. margin, or $4,000, as the customer appeared to be all right.

Now the game became hot. The order was wired by the out-of-town firm, which had $4,000 of its customer's money, to its Stock Exchange representative to buy 200 shares of Car Coupler. The stock was bought from the swindlers in New York—the only ones who had the stock—say at 82. The buyers paid for this stock $8,200 cash for each 100 shares, or $16,400 for 200 shares. As much stock as possible was sold by the gang on similar "planted" orders, and it will be seen that on each 100 shares sold they were netting $6,200, as all the confederates of the gang who gave the original orders to buy the stock simply hurriedly left town, glad to lose their margin, for they knew that the gang was selling the stock, and its cash receipts made the loss of margin nothing in comparison with what they gained.

In a short time—after the stock had been carried—the disappearance of the margin buyers led to the offering of the stock in the curb market. The brokers who had previously nursed it had disappeared; there was no bid for it, and the office of the company was closed. The gang had silently folded up its tent and stolen away overnight. Nothing had been left behind but the handsomely engraved and worthless stock certificates of the

fake company. The stock brokers had been swindled in a most ingenious way and had no redress, for the gang, uncaptured, is doubtless working in new pastures. And yet some men believe that the life of a broker consists simply of sitting down at a desk and taking in an endless chain of commissions.

Briefly, the curb market may be summarized as an overflow from the Stock Exchange dealings, expanding and contracting in volume with the waves of speculation arising from periods of prosperity, panic and liquidation.

CHAPTER XVIII.

THE MINING MARKET.

As far as New York is concerned the mining market exists in a nominal way only; that is to say, there is no broad mining stock market such as the one for railroad and industrial stocks, grain and cotton. The Consolidated Exchange has a mining list consisting mostly of Colorado shares and those of the Comstock Lode, but the dealings during the last decade have steadily diminished, until to-day they are in very limited volume indeed. The leading copper mining stocks, with two notable exceptions, have their market at Boston. A few mining shares are dealt in on the New York Stock Exchange, and a larger number on the curb market. The so-called Industrial Exchange is not considered of importance in Wall Street.

Many attempts have been made, however, to float silver and gold Colorado, California, Klondike and other mining propositions, with New York as the base of operations. Conservative dealers in stocks, however, hold many mining speculations in deserved reproach. The total amount of worthless mining shares afloat in this country is beyond computation. Where one investor in mining shares has made money ninety-nine have lost. The element of danger far exceeds that of safety.

THE NEW YORK CLEARING HOUSE.

The mining field is a fertile field for unscrupulous promoters, who do *all* their mining in Wall Street and the pockets of a credulous public.

A shrewd Wall Street broker upon one occasion was asked for advice regarding a certain contemplated investment, and his reply was and is applicable to mining stocks considered as investments. He said: "Never buy anything that you can't sell." In other words, he meant that an investor in mining shares once having bought any one of 99 in 100 has no place where he can sell them. There is no market for them. He buys them for promised dividends that are never declared, or, if they are, for a few times only. When stocks are bought on the Stock Exchange they can always be sold and turned into cash. In the case of the average mining stock you are at the mercy of the promoter, and his one object in life is to sell and not to buy. Then again many mining stocks are assessable. If bought at all, investors in mining shares should first know positively that the mine is in operation and that the promoter is rated by the two commercial agencies. Better yet is the advice to let mining stocks severely alone, no matter how tempting a prospectus may read, or how pretty an engraved stock certificate may look. Of all the mining propositions offered to the public in the last two years, the best are those based on copper mining. The copper trade is in a very healthy condition, and the development of the copper resources of this country, Mexico and Canada will probably enrich many persons. There does not seem to be any immediate probability of supply overtaking demand.

CHAPTER XIX.

THE NEW YORK CLEARING HOUSE.

The New York Clearing House Association is also known as "The Associated Banks." It is a voluntary association of banks and the Assistant Treasurer of the United States, and

is not an incorporated organization. Its property is held by trustees (members of the Association), representing collective ownership. At London a Clearing House had been formed by bankers as early as 1775, on lines resembling those used to-day. In this country Albert Gallatin recommended the adoption of the plan in 1841. It was not until 1853, however, that the New York Clearing House Association was formed as an experiment. Its success was immediate.

The first Clearing House was at 14 Wall Street; later it went to 82 Broadway; then to the corner of William and Wall streets, and in 1875 to Nassau and Pine streets; a few years later the present Clearing House was constructed on Pine Street, between Broadway and Nassau Street, and the building is shared with the Chase National Bank.

The affairs of the Association are controlled by meetings of the presidents of all the banks in the Association, who in turn elect a Clearing House Committee to guide its routine business from year to year. This Committee has in its control the admission of new bank members, examination of members, and other important powers.

CHAPTER XX.

THE CLEARING HOUSE SYSTEM.

"A Clearing House," says Mr. Horace White in *Money and Banking*, "is a machine for ascertaining and paying the balances which any number of banks owe to or claim from each other. If there were only two banks in a particular place there would be no economy in a Clearing House. Two clerks would meet at the banking house of one or the other and compare the checks that each holds against the other. If Bank A holds checks for $10,000 drawn on Bank B, and the latter holds only $9,000 drawn on the former, Bank B pays $1,000 to Bank

A; then the checks are mutually surrendered and the business is done.

"A Clearing House enables any number of banks to settle their balances in about the same time that two banks could do so, the Clearing House being, for this purpose, the only creditor and the only debtor of each bank.

"There are (1896) sixty-seven members of the New York Clearing House, one of them being the Assistant Treasurer of the United States, and each member has a number, as Bank A, No. 1, etc. There are also 34 banks and 11 trust companies in New York, 19 banks and 7 trust companies in Brooklyn, and 9 banks in Jersey City, Hoboken and Staten Island not members of the Clearing House, that clear through other banks. The Union Trust Company, for example, makes an arrangement with the Bank of Commerce by which all checks drawn on the former may be presented at the Clearing House to the settling clerk of the latter, and be treated by the latter exactly like checks drawn on itself. In this case the Bank of Commerce is responsible to its fellow-members of the Clearing House for checks drawn on the Union Trust Company, in the same way as for its own checks. Accordingly it may happen that any bank may go to the Clearing House with checks and drafts drawn on 146 different institutions which it has received the previous day from its depositors or through the mail from its correspondents elsewhere.

THE DAILY ROUTINE.

"In order to expedite the work, it must separate these checks into not more than sixty-six packages, one for each member of the Clearing House upon which it holds any, and prepare a schedule on a sheet of paper showing the amount of its claim on each bank. It must also have a ticket for delivery to each, showing, for example, that Bank A has a total claim on Bank B for so much money. It must also come to the Clearing House with a statement showing the aggregate of all its claims on all

the banks. This is its claim against the Clearing House for that day. It is handed to the manager or to the proof clerk immediately upon entering. All these things must be done before the operation of clearing begins.

"Each bank sends two clerks to the Clearing House—a delivering clerk and a settling clerk. There are three rows of seats running through the clearing room lengthwise, one in the centre and one on each side parallel with it. The settling clerks occupy these seats, and each one has a sufficient amount of desk room in front of him to do his work on, his space being separated from his neighbors' by a wire screen. The delivery clerks, with their packages of checks in separate envelopes, stand in the open space in front of the settling clerks. All are expected to be in their places about ten minutes before 10 o'clock in the morning. At two minutes before 10 the manager, whose station is an elevated open space at the extreme end of the room, strikes a bell. If any clerk is not in his place at that time he is fined $2.

LIKE A MILITARY DRILL.

"The movement has all the precision of a military drill. When the second bell sounds, at exactly 10 o'clock, each delivery clerk takes one step forward, hands the proper package to the settling clerk of the bank next to him, drops the accompanying ticket, showing the amount, into an aperture like a letter box, and places before this settling clerk his schedule, on which the latter places his initials. Thus the procession moves uninterruptedly until each delivery clerk has presented to each settling clerk the proper package and ticket. Usually this part of the operation is completed in ten minutes. Meanwhile the proof clerk, who occupies a desk near the manager, has entered the claims of each bank under the head 'Banks Cr.' on a broad sheet of paper shown below.

"Inasmuch as the amount of each bank's claim against the Clearing House (entered under the head 'Banks Cr.') is the

sum of all the tickets which its delivery clerk has pushed into the letter boxes of the other banks, it follows that all the tickets of all the banks should equal all the entries under that head. The next step in the operation is for each settling clerk to arrange the amounts of all the tickets in his letter box in a column, add it up and send the amount to the proof clerk, which he transcribes and arranges according to the bank's number under the head 'Banks Dr.,' so that the debit of Bank A shall be on the same line with its credit.

SETTLING THE DIFFERENCES.

"Then the difference between the two will show how much the bank owes the Clearing House, or how much the Clearing House owes the bank. The time occupied by the settling clerks in arranging their tickets and adding up the columns is about half an hour. As fast as these footings are completed they are sent to the proof clerk, who puts them in the debit column opposite the credits of the banks, respectively. When all are completed, if no error has been made, the footings of the credit and debit columns must be exactly equal, and the footings of the two other columns, which show the differences, must be exactly equal. Then these differences are read off slowly and in a distinct tone by the manager, so that each settling clerk can write down the sum that his bank has to pay or to receive. As time is money at the Clearing House, somebody is fined for every error and for every delay in making footings, also for disobeying the orders of the manager, or any disorderly conduct. Forty-five minutes from 10 o'clock are allowed for completing the proof. For all errors remaining undiscovered at 11:15 the fines are doubled, and at 12 o'clock quadrupled. The highest fine for an error discovered before 11:15 is $3.

A PROOF SHEET.

"When the footings have been made the proof sheet is in the following form:

Banks.	*Due Clearing House.*	*Banks Dr.*	*Banks Cr.*	*Due Banks.*
A.	$1,260.81	$10,521.21	$9,260.40	....
B.	....	55,662.16	71,850.39	$16,188.23
C.	....	41,922.90	49,621.86	7,698.96
D.	9,651.85	61,330.33	51,678.48	....
E.	3,566.60	56,397.00	52,930.40	....
F.	....	74,719.60	97,781.31	5,061.71
G.	5,073.14	53,211.34	48,138.20	....
X.	9,396.50	60,059.11	50,662.61	....
	$28,948.90	$413,823.65	$413,823.65	$28,948.90

"The actual amounts are much longer than here represented, some of the banks being credited and debited more than ten million at a single clearing. On one occasion the Assistant Treasurer of the United States had more than 30,000 separate checks turned in against him, mostly for pension payments. No matter how large the amounts may be, or how many separate checks, or how many banks may participate in the clearing, the result will always be in the foregoing form. The amount of the balances, *i. e.*, of the sum to be paid into and out of the Clearing House, is usually about 5 per cent. of the total amount of checks passed through it. At the clearing of September 22, 1862, the balance against one of the banks was only *one cent.*

MONEY PAID IN AND OUT.

"The debtor banks must pay what they owe to the Clearing House before 1:30 P. M., after which the Clearing House pays the same money to the creditor banks. Thus, for about an hour each day, the Clearing House may be in affluent circumstances, while before and after that hour it has not a cent. The money paid in and out consists of gold coin, gold certificates, legal tender and legal tender certificates. The last are issued by the United States Treasury in denominations not less than $5,000 to national banks depositing legal tender notes of the same amount, the notes being held as a special deposit by the Treasury for the redemption of the certificates.

STUPENDOUS VOLUME OF BUSINESS.

"The magnitude of the business transacted at the Clearing House is stupendous. One hundred millions per day is the present average of the checks and drafts passing through it. In years of great business activity it is much larger. In 1881 the clearings for the year were forty-eight thousand millions, or about one hundred and sixty millions for each working day. The clearings at New York are about twice as large as those of all the other cities in the Union put together. The reason for this is that New York is the place where the other cities balance their claims against each other. In other words, New York is a clearing house for the whole country as well as for its own immediate traffic. There are eighty clearing houses in the United States.

CLEARING HOUSE CERTIFICATES.

"It sometimes happens that the demands of depositors for currency are so great that the weaker banks are not able to respond; in other words they are liable to suspend payments. The suspension of one bank at such a time may lead to excessive demands upon other banks, causing them to suspend also. There have been five crises of this kind in which the New York banks issued 'clearing house loan-certificates,' in order to avert general disaster, viz., in 1860, 1873, 1884, 1890 and 1893. A description of one will name for all.

"In the month of June, 1893, there was a disturbance in the money market. It is needless to ask what caused it. The immediate consequence was the rapid withdrawal of currency from the banks. The calls from banks in the West and South were very heavy. If all the deposits are demanded in this form, of course they cannot be paid out of a fund which is only one-fourth of that sum. But some banks have larger reserves than others. Some are habitually more cautious than others. Some have larger capital and surplus in proportion to their liabilities. Some have a more steady-going class of

depositors, less likely to be smitten by panic than others. Such banks are able to help their weaker neighbors. By combining or 'pooling' the reserves of all the banks the weaker ones may be saved, and thus the panic be restrained or wholly averted. It is necessary, however, that the stronger banks should be secured for the advances which they make.

A MEMORABLE CRISIS.

"On the 15th of July, 1893, the Clearing House Association resolved that any member might present to the Loan Committee its bills receivable or other securities, together with its own obligation, and receive in exchange therefor certificates for 75 per cent. of the par value of the certificates, which certificates should be accepted in lieu of cash in the payment of balances at the Clearing House. The certificates were in the following form:

No............

FIVE THOUSAND DOLLARS.

LOAN COMMITTEE OF THE NEW YORK CLEARING HOUSE ASSOCIATION.

This certifies that the (name of bank) has deposited with this committee securities in accordance with the proceedings of a meeting of the Association held June 15, 1893, upon which this certificate is based. This certificate will be received in payment of balances for the sum of *Five Thousand Dollars* from any member of the Clearing House Association.

On the surrender of this certificate by the depositing bank above named the committee will indorse the amount as a payment on the obligations of said bank held by them and surrender a proportionate share of the collateral securities held thereunder.

$5,000.

....
....
....
....
....
....
....

COMMITTEE.

"The certificates could not be used for any other purpose. As they drew 6 per cent. interest from the time they were used, no bank would take out more than it really needed. On

the proof sheet shown above the creditor banks, B, C, and F, were entitled to receive $28,948.90, which might be paid to them (except fractional sums) in these loan certificates. Thus the reserves of all the banks are made a common fund. The total reserve is not made any larger by this means, but the aggregate demand is lessened, because the union of the banks has a powerful influence on the public imagination. It does not lessen any real want of currency, but it quiets people's fears and checks their imaginary wants. It does not avert suspension in all cases, but it avoids the worst consequences of suspension.

LIMIT OF THE LOAN CERTIFICATE.

"Many persons, and even some bankers, think that there is no limit to the possible issue of loan certificates short of the whole amount of bills receivable of the banks. It is true that such certificates may be issued to that extent, but their efficiency to avoid suspension stops when the combined cash reserve is exhausted. Indeed, it stops sometimes before, since the banks will make difficulties about cashing checks before they pay out their last dollar. They hold back some portion of their currency for indispensable needs. As to checks in general, they stamp them 'good through the Clearing House,' where, as we have seen, 95 per cent. of them are balanced by other checks. Every bank is required by law to pay every check on demand in legal tender money. Yet if the holder of the check accepts the stamp 'good through the Clearing House,' in lieu of cash, the law is satisfied. If he insists upon payment at all hazards, the bank must pay or go to protest, and in every case it will pay. It keeps back some of its cash for such emergencies. The influence of public opinion at such times is the strongest force going. Public opinion does not allow men to exercise their full rights in times of panic. The fact is recognized that the banks cannot pay all their deposits at once, and that when a crisis comes some discrimination must be made, and that the banks can best judge how it should be made.

PREMIUM ON CURRENCY.

"The whole amount of loan certificates issued by the New York Clearing House in 1893 was $41,495,000, of which $38,-280,000 were outstanding at one time. This did not prevent the partial suspension of cash payments. There came a time when most of the banks made some difficulty about the payment of checks over the counter, although the Clearing House operation continued without interruption. Then the phenomenon of a 'premium on currency' was witnessed in Wall Street. There was just as much currency in the country as ever. Certain persons who had it in their possession were glad to make a profit out of it, while others who needed it, and who preferred not to add to the troubles of the banks by demanding it from them, were willing to give their certified checks, and something more, for it. In this way a brisk business sprang up and the premium of currency over certified bank checks rose as high as 4 per cent. As the panic subsided the premium sank. It disappeared as soon as the volume of clearing loan certificates began to subside, because that event betokened the returning ability of the banks to meet the demand for cash. The last loan certificates were redeemed and canceled on the first of November.

"There can be no doubt that the issue of loan certificates, although it did not in this instance prevent suspension altogether, did avert the worst consequences of it. It prevented the actual closing of any bank. It kept the trade of the country, both internal and external, in motion. It enabled employers of labor to keep going, and prevented multitudes of business men from falling into undeserved bankruptcy."

CHAPTER XXI.

FIRST PRINCIPLES OF FOREIGN EXCHANGE.

"In early times," says W. Stanley Jevons, M. A., F. R. S., in his *Money and the Mechanism of Exchange*, "foreign trade

consisted in the direct exchange of commodities. A caravan set out with a variety of manufactured articles across the deserts of Arabia or Sahara, and came back with the ivory, spices and other valuable raw produce obtained by barter. In later times the merchant loaded his own ship and sent her forth on an adventure, trusting that his shipmaster would sell the cargo to advantage, and, with the proceeds, bring back another cargo to be sold to great profit at home. Trade was thus evidently reciprocal, and what was sent out paid for what was brought back, so that little or no money was kept idle in the meantime.

"Wherever this direct reciprocal exchange did not exist it was necessary either to transmit metallic money or to devise some mode of transferring debts. Now the transmission of money not only causes the loss of interest during the interval of transit, but leads to the expense of guarding it, and the liability of total loss. Many centuries ago, accordingly, it was discovered that the use of paper documents would economize, if not altogether render needless, the use of metallic money in foreign trade.

ORIGIN AND NATURE OF BILLS OF EXCHANGE.

"Even the Romans appear to have been acquainted in a slight degree with the system of foreign bills of exchange; but it is to the early Italian, and especially the Jewish merchants, that we owe the development of the practice. The history of the subject is buried in much obscurity, but there is evidence that, as early as the Fourteenth century, the use of bills of exchange was fully established. The forms of the bills, and the laws and customs relating to them, were then much the same as in the present day.

"A bill is nothing but an order to pay money addressed by the drawer to the drawee, or person on whom it is drawn, specifying the amount to be paid, the time of payment, and the person to whom it is to be paid. Whenever a bill is drawn,

it is to be presumed that a debt is due from the drawee to the drawer. When presented to the drawee and accepted by him, this acceptance is an acknowledgment of the existence of the debt. The bill, although drawn in favor of a particular person, is transferable by indorsement, and thus represents a negotiable claim to receive money at a future date in a distant country. Hence it is capable of being transmitted in discharge of another debt of equal amount.

ENGLAND AND AMERICA.

"England buys every year from America a great quantity of cotton, wheat, corn, pork, and many other articles. America at the same time buys from England iron, linen, silk, and other manufactured goods. It would be obviously absurd that a double current of specie should be passing across the Atlantic Ocean in payment for these goods when the intervention of a few paper acknowledgments of debt will enable the goods passing in one direction to pay for those going in the opposite direction. The American merchant who has shipped cotton to England can draw a bill upon the consignee to an amount and not exceeding the value of the cotton. Selling this bill in New York to a party who has imported iron from England to an equivalent amount, it will be transmitted by post to the English creditor, presented for payment to the English debtor, and one payment of cash on maturity will close the whole circle of transactions. Money intervenes twice over, indeed once when the bill is sold in New York, once when it is finally canceled in England; but it is evident that payment between two parties in one town is substituted for payment across the whole breadth of the Atlantic. Moreover, the payments may be effected by the use of checks, or the bills, when due, may themselves be presented through the Clearing House and balanced off against other bills and checks. Thus the use of metallic money seems to be rendered almost superfluous, and as long as there is no great disturbance in the balance of exports and

imports foreign trade is restored to a system of *perfected barter.*

THE DEALERS IN BILLS OF EXCHANGE.

"It is an unnatural supposition that every importer of goods will meet with an exporter of goods to the same amount, so that the two transactions will exactly balance each other. But there are many merchants in Liverpool indebted to American merchants and many merchants indebted to others in Liverpool. Hence there will be a continual supply of bills of various amounts, and a continual demand, and it becomes a profitable business for certain houses to deal in the bills, purchasing bills from those who can draw and selling to those who wish to remit.

"Large firms of merchants often have houses both in America and in England, or a firm in one country has agents or correspondents in the other, with whom they keep a running account. Not uncommonly the very same firm may be both importing and exporting, so that a direct balancing of their accounts will be so far effected. The remaining balance need only be paid from time to time as opportunity offers. Thus in foreign, as in home trade, book credit serves in a great degree to economize the use of money. Only when there is a derangement of the balance of trade, and one country owes to another a preponderating debt of large amount, need specie be transmitted.

WHERE THE PREMIUM ON BILLS BEGINS AND ENDS.

"The general principle of the subject is that bills of exchange drawn on any particular place constitute a new kind of article, subject to the laws of supply and demand. Any circumstance diminishing the supply or increasing the demand raises the price of such bills, and *vice versa.* The price being raised, there is additional profit on any transaction which allows a new supply to be drawn. The export of any kind of goods in

greater quantities tends to restore the balance, but, if requisite, coin or bullion can be sent at a certain cost, and bills drawn against it. Thus the cost of transmitting specie is the limit to the premium on bills. Gold and silver being everywhere considered a desirable possession, and being also very portable, form, as remarked at the outset, the natural currency between nation and nation. If a country were to be absolutely denuded of specie, and had foreign debts to pay, forced exportation and sale of the next most generally desirable and portable commodity would be the only resource, and the premium on bills might vary to almost any extent from par. Thus it is seen that, in an economical point of view, gold and silver differ from other merchandise not in kind but degree.

THE WORLD'S CLEARING HOUSE.

"It might seem that in the use of checks internally, and of bills of exchange in foreign trade, we have reached the climax in the economy of metallic money; but there is yet one further step to make. We found that so long as all the merchants of a town keep their cash with the same banker they have no need to handle the money at all, but can make payments by transfers in the books of their banker. Let us imagine, then, that merchants all over the world agree to keep their principal accounts with the bankers of any one great commercial town. All their mutual transactions could then be settled among those bankers. An approximation to such a state of things exists in the tendency to make London the monetary headquarters of the commercial world and the general clearing house of international transactions. * * *

CENTRALIZATION OF FINANCIAL TRANSACTIONS IN LONDON.

"There is an obvious advantage in centralizing foreign transactions in London. In the absence of any general centre, each two commercial towns must settle their mutual transactions

directly and separately. A merchant will be receiving bills upon the bankers and merchants of many other towns. There is a double inconvenience in this. The supply and demand for bills upon comparatively small places must be comparatively small and variable, and the bills will be drawn upon minor firms, of the soundness of which it will not be easy to get satisfactory information. Many firms, too, in the present day have houses in several parts of the world, and it would be more convenient that their mutual transactions should be brought to a centre somewhere, just as the transactions of branch banks are brought to a centre in a head office. Thus there arises a tendency to prefer bills drawn upon well-known London banks, or other great London firms, whose credit is known all over the world, and *ceteris paribus*, such bills will command a readier acceptance in the exchange market. Persons having to draw bills will get a better price if they can draw upon London, which they can do by opening an account with a London firm, and arranging that remittances due to them shall be deposited to their credit in London. It comes to pass that a merchant in America, Australia or India will prefer to receive money in London rather than anywhere else. Every one wishing to remit money can then do so in the form of a bill upon the holders of these funds in London, and the fund will be recruited from time to time by similar bills received and transmitted to London for collection.

"This tendency to the centralization of financial business in London is much promoted by the fact that the largest mass of cheap loanable capital exists there. The general rate of interest in New York is almost always higher than in London, so that a trader who has credit enough to obtain loans in London will make a profit by borrowing there rather than in New York. Thus, instead of depositing money in London, and afterwards drawing against it, the more usual and profitable form of the transaction is to get a credit there—that is, leave to draw against a banker—making subsequent remittances to recoup the banker accepting and paying the bills. As regards

continental trade, Paris, Berlin, Vienna, Hamburg and Amsterdam are of course highly important centres, but the great foreign trade of England, reaching into every quarter of the globe, and the many distant colonies and dependencies which naturally have financial relations with the capital of the empire, tend to give London a unique position.

REPRESENTATION OF FOREIGN BANKERS IN LONDON.

"The result of this centralization of banking transactions in London is that colonial and foreign bankers find it desirable to have agents, or even head offices, in London. There are scores of important colonial and foreign banks which have their own London offices or houses. These include the principal Australian, New Zealand and Indian banks, and a number of minor banks, established by English capitalists to cultivate the trade of the minor states of Europe, South America, Canada, China and the East. In addition to the banks named, there are more than one thousand foreign and colonial banking houses in correspondence with London bankers, so that almost every town in the world which can maintain a bank at all has the means of correspondence with some member of the London banking system."

CHAPTER XXII.

GOLD IMPORTS AND EXPORTS.

If the people of the United States buy more from foreign countries than they sell to them, it is necessary to pay the difference in values in bills of sterling exchange or in gold exports. This would be payment of the balance of trade. If we sell more than we buy, and the balance is in our favor, payment is made in bills of exchange, and when they are exhausted we import the gold.

The par value of sterling exchange is $4.867, which is to say

that one pound sterling equals $4.867 in United States gold. The price of demand sterling exchange bills, as quoted in New York, varies in accordance with the supply and demand of the bills drawn on London bankers. If we are exporting large quantities of merchandise and securities to Europe, sterling exchange bills are abundant, and then they are quoted below their par value. The limit of the decline in price would be to about $4.845 for demand, when the New York banks would begin to import gold at a profit. The cost of transferring specie from London to New York is about ⅜ of 1 per cent.—this represents freight, packing, insurance and interest lost while the gold was in transit—and is reckoned in the calculation.

However, should demand sterling exchange advance to $4.89, the probabilities are that the New York bankers would ship or export gold in payment of the balance due Europe.

The usual annual movement of gold is from the United States from December to June, and to the United States from July to November, when the demand for cash to "move the crops" increases the interest rate in money centres, and the exportation of the new crop of cereals and cotton gives the market a considerable volume of commercial bills.

A FEW OTHER POINTS.

"In analyzing the mechanism of exchange," says Maurice L. Muhleman in his excellent *Monetary Systems of the World*, "attention must first be given to the relative value of the monetary units in terms of each other, to enable one to determine how many dollars are required to pay for one hundred pounds sterling. Ordinarily the quotations for exchange, *i. e.*, the rate at which bills can be purchased, are expressed to indicate the number of pieces required to purchase one or one hundred of the units of the country where the payment is to be made. But this is by no means always the case; sterling exchange, for example, is quoted in London as well as in New

York in terms expressing the number of dollars to the pound sterling.

"We must next consider whether the shipment is to be made in *bullion* or in coin. Assuming that it is desired to pay in London £100,000 or the equivalent thereof in gold. The exact amount which will equal this sum in our money unit is $486,-666.66. But to remit this amount of our gold coin ordinarily obtainable will not cancel the obligation, inasmuch as such coin would prove somewhat below the standard weight owing to abrasion in use; and, since internationally the weight of the specie and its fineness are alone considered, it would be necessary to add enough coin to make up the deficiency in weight. If, however, the United States Treasury is selling assay office bars at par, the original sum of gold may be deposited in the Treasury and bullion obtained for exactly that amount, which would discharge the debt in London. On the other hand, if British coin is obtainable, it would be necessary only to purchase 100,000 sovereigns, which would, if only normally abraded, fully discharge the obligation, even though not weighing the required number of ounces which would produce £100,000 at the British mint, which is, after all, the prime consideration.

"These elements enter into the fixing of the *gold-point*, *i. e.*, the point to which exchange must rise before gold can be profitably exported.

"The computation would be as follows:

£100,000@.25682+oz.=25,682+oz. .916 2-3 fine=23,542+oz. fine.
$486,666.66@.05375 oz=26,158+oz. .900 fine=23,542+oz. fine.

The value of the ounce fine being in the United States $20.672, and in England £4 4s. 11.45d.

"This is the price at the mint, and involves delay awaiting coinage; but inasmuch as the Bank of England purchases all bullion and foreign coin at a slight commission (1½ per oz. standard or .916 2-3 fine), this difference must also be allowed

for in calculating the exact amount to be remitted, except where sovereigns are used.

"It should be stated that since 1891 the Treasury of the United States has not sold assay bars at par, having suspended the sale altogether for several years, and recently imposed a charge of ⅛ of 1 per cent., which practically counterbalances the ordinary abrasion on coin that has been in use.

"In remitting from London to New York the same considerations govern, except that the Bank of England usually has a supply of United States coin, which it sells at a fixed price per ounce, raising or lowering the same according to the condition of the reserves. A fairly average price for such coin is £3 16s. 4d.

OTHER COUNTRIES THAN ENGLAND.

"Exchanges with other countries are governed by practically the same conditions; in Paris, however, the Bank of France at times imposes a direct premium upon gold to be drawn from its coffers, which may be said to hold the only supply.

"But the great banks of Europe exercise a more effective deterring power over the movement of specie by raising or lowering the rate of discount to protect their specie reserves. Thus it has recently occurred that by increasing its rate the Bank of England has diverted the demand for gold for the United States from London to Paris, where rates remained stationary.

"On the other hand, these differences in rates enable persons having payments to make at one point to utilize conditions at another point to remit specie thence instead of from home.

"Thus if it were found that in Paris £100,000, or its equivalent (2,521,588.94 francs), could, owing to low rates of interest in Paris and high rates in New York, be obtained more readily in the former place, a house having international connections and credits would cable an order upon Paris to remit francs in-

THE UNITED STATES TREASURY AT WASHINGTON.

stead of exporting eagles—settling with Paris in another manner, if necessary. In this manner credits at one point are continually used to settle debits at another; and such transactions of a triangular nature, known as *arbitrages*, are continually made use of. In fact, a fourth place may in some instances be utilized by shrewd and well-informed exchange dealers—and the conditions are as frequently *created* by the use of credits, being then in effect loans—the dealer selling the bills engaging to repay at a future time, when he may feel sure of obtaining exchange at the same or a more profitable figure; thus exports of gold are sometimes postponed, and even entirely avoided, by bridging over the period of short supply of commercial bills until the usual period of their natural appearance in the market.

"The condition of exchange between the gold-using countries and those maintaining a silver or a depreciated paper standard are much more involved, depending, as they do, upon the price of gold in the units of the respective countries."

CHAPTER XXIII.

THE SUB-TREASURY AND ITS WORK.

The Sub-Treasury of the United States occupies a building fronting on Wall Street and extending north along Nassau to Pine Street. It is one of Wall Street's notable buildings. Standing on a pedestal in front of the entrance is the Ward bronze statue of Washington. The first public use of the Sub-Treasury site was in the young days of the city, when a city hall was built thereon. Subsequently it was known as Federal Hall, and the first Congress met there, when it was the scene of Washington's first inauguration. In 1834 the Government tore down the old structure and erected in its place the present building, which was used as the Custom House from 1841 to 1862, when the Sub-Treasury took possession.

The Sub-Treasury system—for that of New York is one of several in the leading cities of the country—was established by an act of Congress in 1846. The New York office was first located in the assay office, which now occupies the building adjoining the Sub-Treasury.

The Sub-Treasury is in charge of the Assistant Treasurer of the United States and a staff of able assistants. In the volume and importance of its dealings the New York Sub-Treasury occupies a very prominent place, and considerably more than one-half of the money dealings of the United States Government with the public are conducted through it. It receives all the money paid into the New York Custom House, in addition to large amounts from postoffices and other Government sources of revenue. Holders of Government bonds receive their interest payments in checks drawn on the Sub-Treasury. Pension payments and Government bills of many kinds are also paid in the same way. Government employees receive their salaries through the Sub-Treasury, and Government disbursing officers keep accounts there.

Its relations to the banks are very close and necessary, for it receives and redeems mutilated paper money from the banks, and exchanges coin for notes. Through transfers of money are made between the different Sub-Treasuries and national bank depositories in other cities.

In addition to the daily transactions as outlined—resembling those of an enormous bank—the Sub-Treasury is employed by the Government in carrying out its enormous plans, such as its refunding operations, redemption of bonds, payment of indemnities. The capacity to handle tremendous operations of this character is quite remarkable, and few governments can boast of an agency which can handle such immense sums of money with so little difficulty and loss.

The interior of the Sub-Treasury consists chiefly of a big rotunda, railed off like a bank, with a wide corridor extending from Wall to Pine streets. The Wall Street entrance is used by visitors and the one on Pine Street for the same purpose,

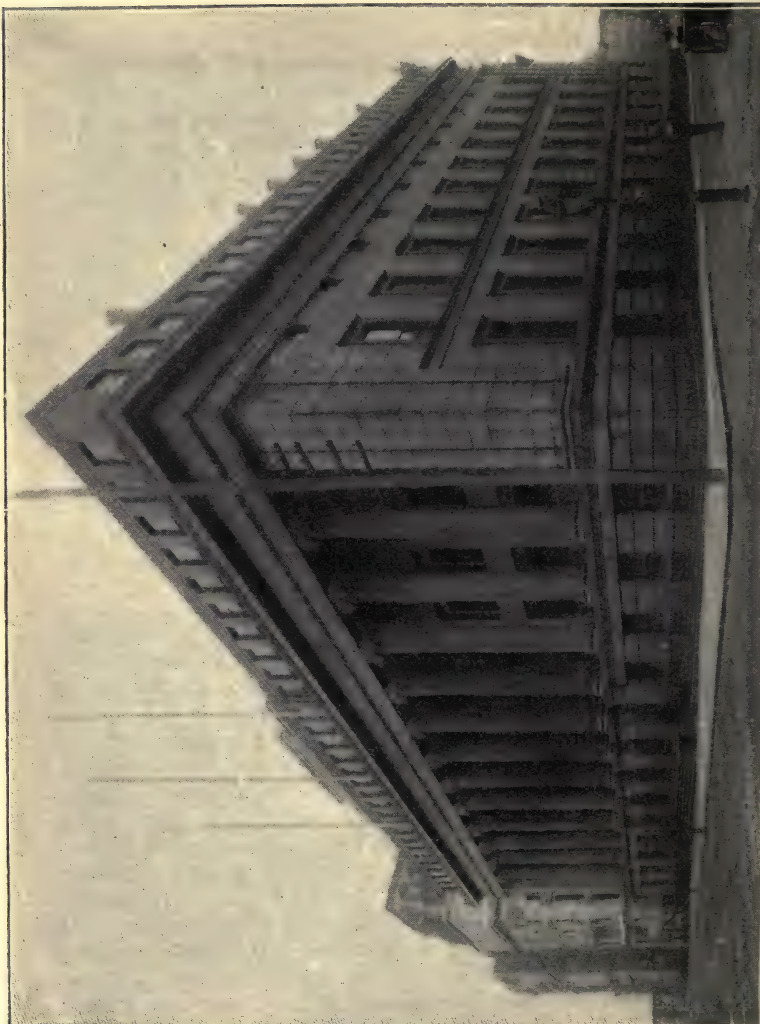
and the reception and shipment of coin which is unloaded and loaded on trucks. Facing the Wall Street side of the building are the offices of the Assistant Treasurer and his assistants. Below the first floor are the vaults, in which are stored immense sums of cold and silver coin and notes. At times several hundred million dollars are deposited there. They are always carefully guarded and none is ever lost.

The Assistant Treasurer in charge represents the Treasury Department in Wall Street, and through him the Secretary of the Treasury has a representative in the country's leading money market.

CHAPTER XXIV.

THE ASSAY OFFICE AND ITS WORK.

The United States Assay Office is on Wall Street, adjoining the Sub-Treasury on the East. It is a branch of the United States Mint, just as the Sub-Treasury is a branch of the United States Treasury. The building, erected in 1823, is the oldest on Wall Street. It was first used for banking purposes, but in 1853 the Government secured it for the establishment of an Assay Office. Exclusive of office room, the building is employed in assaying, parting and refining crude bullion, coin, jewelry, old bars and the precious metals in such other forms as they may be presented. All this metal is turned out in the form of bars of various weight, stamped by the Government with letters and figures which certify to the weight and quality of the metal. Most of this work is done for private persons, who pay a charge which defrays the cost of the labor. When gold is deposited, gold coin or bars, as the owner may select,



are returned. When silver is deposited, silver bars only are returned. No amount of gold or silver less than $100 in value is accepted. The gold bars made in the Assay Office range in value from $100 to $8,000, and the silver bars from 5 ounces to 1,500 ounces. The chief officers in charge are the Superintendent, Assayer, Melter and Refiner. Visitors are admitted from 10:30 A. M. to 2:30 P. M.

CHAPTER XXV.

THE CUSTOM HOUSE AND ITS WORK.

The old Custom House is a granite building fronting on Wall, and bounded by Wall, William and Hanover streets and Exchange Place. The building was originally the Merchants' Exchange, and cost the Government $1,800,000. In 1898 the Government sold the building to the National City Bank for more than $2,000,000. The Custom House will occupy the present structure, which is too small, until a new building is completed on the Bowling Green site near the Produce Exchange.

As about seventy-five steam and sailing ship lines bring imports into the port of New York subject to duties, some idea of the Custom House business may be obtained. This business is supervised by a Collector of the Port, a Naval officer, a Surveyor of the Port and an Appraiser of the Port. The Custom House employs about 2,000 persons, and it costs the Government slightly above .02 per cent. to make its collections. Identified with the Custom House there are seven classes of United States Bonded Warehouses.

CHAPTER XXVI.

GOVERNMENT BONDS.

The debt incurred by the United States in its war for independence was funded in 1791 at $75,000,000. The war of 1812 increased it somewhat, but in 1835 the whole of it was paid off to within a very trifling amount. Subsequently to 1835 our borrowing was resumed, and when the war with the seceding Southern States broke out, in 1861, our national debt was $90,580,000. In the next four years it increased enormously, and on August 31, 1865, it stood at $2,381,530,295, without counting $461,500,000 of non-interest bearing legal tender notes. So great, however, was the prosperity of the country that the debt was rapidly reduced, and on July 1, 1892, it consisted only of $585,000,000 interest bearing bonds and $480,000,000 non-interest bearing notes. Deficient revenues compelled, in 1894, 1895 and 1896, an issue of $265,000,000, and the war with Spain $200,000,000 more bonds, so that our present interest bearing debt amounts to over $1,000,000,000, exclusive of $425,000,000 non-interest bearing notes.

An explanatory statement of the interest bearing debt of the United States on February 1, 1900, is as follows:

Title of Loan.	*Per Cent.*	*When Redeemable.*	*Outstanding.*
Funded, 1891. . .	2	Option U. S.	$25,364,500
Funded, 1907. . .	4	July 1, 1907	545,345,350
Refunding Certificates. .	4	....	36,660
Loan, 1904. .	5	Feb. 1, 1904	95,009,700
Loan, 1925. .	4	Feb. 1, 1925	162,315,400
Ten Twenties, 1898	3	Aug. 1, 1908	198,791,440
Aggregate of interest bearing debt			$1,026,863,050

INTEREST-BEARING DEBT OF THE UNITED STATES.

Bonds.		Denominations.	Redeemable.	Interest due on 1st day of	Transfer Books for Registered Bonds close at Washington	Outstanding Jan. 1st, 1900
2 p. cts.	All registered	$50, $100, $500, $1,000, $5,000, $10,000, $20,000, $50,000	on call.......	Mch., June Sept., Dec.	1 month before interest is due.	$25,364,500
3 p. cts.	Registered	$20, $100, $500, $1,000, $5,000, $10,000..........	after Aug. 1, 1908, due Aug. 1, 1918	Feb., May Aug., Nov.	Same as 2 p. cts.	109,426,680
	Coupon	$20, $100, $500, $1,000,			....	89,252,320
4 p. cts.	Registered	Same as 2 p. cts.......	after July 1, 1907	Jan., April July, Oct.	Same as 2 p. cts.	478,219,100
	Coupon	$50, $100, $500, $1,000,			....	67,147,450
	* Refunding Certifs	$10....................		....	....	37,170
4 p. cts.	Registered	$50, $100, $500, $1,000, $5,000, $10,000....	after Feb. 1, 1925	Feb., May Aug., Nov.	15th of month before int. is due	117,690,150
	Coupon	$50, $100, $500, $1,000,			....	44,625,250
5 p. cts.	Registered	$50, $100, $1,000, $10,000,	after Feb. 1, 1904	Feb., May Aug., Nov.	15th of month before int. is due	64,307,350
	Coupon	$50, $100, $1,000........				30,702,350
District of Columbia						
$3.^{65}$ p. cts.	Registered	$1,000, $5,000..........	Aug. 1, 1924	Feb. & Aug.	21st Jan. & July.	14,033,600
	Coupon	$50, $500................			....	

* These are convertible, in sums of $50 or multiples thereof, with accumulated interest, into 4 per cents of 1907, fractional balances being paid in cash.

The TRANSFER BOOKS remain closed until the first of the month following their closing. During this time REGISTERED BONDS are quoted "ex-interest" for the current interest term. With this exception, prices quoted for all bonds include accrued interest.

Bonds of higher denominations than $10,000, or lower than $500, and bonds in names of Executors, Guardians, Trustees, etc., are not "good delivery" except by special agreement.

CHAPTER XXVII.

CURRENCY OF THE UNITED STATES.

PAPER CURRENCY OF EACH DENOMINATION OUTSTANDING JANUARY 31, 1900.

Denomination.	*United States Notes.*	*Treas'y Notes of 1890.*	*National Bank Notes.*	*Gold Certificates.*	*Silver Certificates.*	*Total.*
$	$	$	$	$	$	$
1............	2,188,544	8,241,187	348,276	....	48,056,168	58,834,175
2............	2,025,132	7,102,858	167,466	....	27,800,637	37,096,093
5............	83,181,637	31,138,005	77,347,725	....	104,665,498	296,332,865
10............	98,323,801	29,615,530	77,182,000	....	123,301,211	328,422,542
20............	75,765,102	8,802,350	57,145,240	54,255,864	74,116,610	270,085,166
50............	13,101,600	133,850	11,388,300	20,532,555	20,419,010	65,575,315
100............	22,513,700	1,369,500	23,324,400	20,798,900	4,275,870	72,282,370
500............	10,860,500	....	106,000	9,473,000	99,500	20,539,000
1,000..........	39,696,000	1,468,000	27,000	30,653,500	2,629,000	74,473,500
5,000..........	15,000	....	....	24,150,000	....	24,165,000
10,000.........	10,000	....	....	48,350,000	....	48,360,000
Fract'l parts.	....	....	32,336	....	....	32,336
Totals....	347,681,016	87,871,280	247,068,743	208,213,819	405,363,504	1,296,198,362
Unknown, destroyed..... (Chicagofire.)	1,000,000	....	....	....	....	1,000,000
Net.......	346,681,016	87,871,280	247,068,743	208,213,819	405,363,504	1,295,198,362

Currency Certificates—

Five thousand dollars..................................	$260,000
Ten thousand dollars..................................	14,340,000
Total.	$14,600,000

	General stock of money in United States.		*†Held in the Treasury as assets of the Gov't.*	
	January 1, 1900.	*February 1, 1900.*	*January 1, 1900.*	*February 1, 1900.*
Gold Coin (including bullion in Treasury)	$1,016,009,857	$1,022,943,682	$236,909,230	$218,613,617
*Gold Certificates	....	....	....	....
Standard Silver Dollars	476,201,341	477,046,563	10,740,478	12,639,499
*Silver Certificates	....	....	....	....
Subsidiary Silver	79,643,721	80,346,414	2,992,400	4,917,001
Treasury Notes of 1890	88,320,280	87,871,280	1,385,929	1,854,540
United States Notes	346,681,016	346,681,016	16,431,651	14,600,704
*Currency Certificates, Act of June 8, 1872	....	....	....	....
National Bank Notes	246,277,223	247,068,743	4,275,580	6,182,982
Totals	$2,253,133,438	$2,261,957,698	$272,735,268	$258,808,343

	Money in Circulation.			
	January 1, 1900.	*February 1, 1900.*	*February 1, 1899.*	*January 1, 1879.*
Gold Coin (including bullion in Treasury)	$617,977,830	$619,447,176	$696,987,400	$96,262,850
*Gold Certificates	161,122,797	184,882,889	33,039,939	21,189,280
Standard Silver Dollars	70,420,047	67,888,019	63,429,088	5,790,721
*Silver Certificates	395,040,816	396,519,045	392,337,684	413,360
Subsidiary Silver	76,651,321	75,429,413	69,083,516	67,982,601
Treasury Notes of 1890	86,934,351	86,016,740	93,993,753	....
United States Notes	318,269,365	317,500,312	309,643,158	277,098,511
*Currency Certificates, Act of June 8, 1872	11,980,000	14,580,000	22,170,000	33,190,000
National Bank Notes	242,001,643	240,885,761	237,576,019	314,339,398
Totals	$1,980,398,170	$2,003,149,355	$1,918,260,557	$816,266,721

Population of the United States February 1, 1900, estimated at 77,116,000; circulation per capita, $25.98.

*For redemption of outstanding certificates an exact equivalent in amount of the appropriate kinds of money is held in the Treasury and is not included in the account of money held as assets of the Government.

†This statement of money held in the Treasury as assets of the Government does not include deposits of public money in National Bank Depositaries to the credit of the Treasurer of the United States, and amounting to $107,936,650.

CHAPTER XXVIII.

THE 1900 CURRENCY BILL EXPLAINED.

Maurice L. Muhleman, of the Sub-Treasury at New York, explains in *Money* the Currency Bill of 1900 in this way:

THE GOLD STANDARD AND PARITY OF MONEY.

"The first section of the bill establishes the gold dollar as the *standard* unit of value, making it the duty of the Secretary of the Treasury to maintain the parity of all forms of money of the United States with that standard. The third section provides that nothing in the bill is to be construed to affect the legal tender quality of silver dollars or any other form of money.

THE GOLD RESERVE.

"The Secretary of the Treasury is to redeem the 'greenbacks' and 'Sherman notes' in gold; to enable him to do this he is to have a gold reserve of $150,000,000, to be used for that purpose only; and when notes are redeemed they are to be issued again only to obtain gold for the fund, either (1) by exchanging them for gold brought in by the people or received by the other branch of the Treasury for revenues; or (2) by purchasing gold with the notes. If not able to maintain the reserve by these methods, and the amount of gold in the fund falling below $100,000,000, one-year 3 per cent. gold bonds must be sold to restore the full reserve, depositing the proceeds in the general fund to be exchanged for notes held in the fund after redemption.

"With the notes thus transferred to the general fund, the Secretary of the Treasury may pay off bonds or other obligations of the Government, but must not use them to cover any deficits in the current revenues; and the reserve fund shall never have in it more than $150,000,000 of gold and notes together.

SEPARATE BUREAUS FOR ISSUE AND REDEMPTION.

"All accounts and money connected with the currency business of the Government are to be kept absolutely separate, so that there may always be a distinct responsibility. This will involve the transfer to a separate division to be established in the Treasury of some $360,000,000 in gold coin and bullion, $407,000,000 in silver dollars, and $15,000,000 of United States notes, the last mentioned being held for currency certificates, the issue of which is by the bill prohibited hereafter; so that the redemption division will open accounts with about $782,000,000.

SILVER CERTIFICATES SUBSTITUTED FOR TREASURY NOTES.

"The volume of silver certificates is to be increased gradually as silver dollars are coined out of the bullion in the Treasury; the 'Sherman notes' issued to buy this bullion are to be canceled and certificates issued in lieu of them. Thus ultimately there will be about $500,000,000 of silver certificates (including the sum arising from seigniorage on silver coinage). These certificates are hereafter to be chiefly in small denominations; only 10 per cent. of them may be issued in denominations of $20, $50 and $100.

GOLD CERTIFICATES.

"The law of 1882 for the issue of gold certificates is reenacted, with the proviso that one-fourth of the issue must be in $50 denominations or less; and in addition to providing for the suspension of the issue when the gold reserve falls below $100,000,000; this suspension also occurs when the aggregate amount of greenbacks and silver certificates in the general fund runs above $60,000,000.

DENOMINATIONS OF LEGAL TENDER AND BANK NOTES.

"United States notes of denominations under $10 are to be retired as the additional silver certificates of small denomina-

tions are issued. It is the ultimate purpose to have no greenbacks in denominations under $10, and no national bank may issue more than one-third of its notes in $5 denominations.

SUBSIDIARY SILVER COINAGE.

"The issue of subsidiary silver coin is authorized to be increased to $100,000,000, an addition of some $20,000,000; the additional coinage is to be struck from the silver bullion now on hand bought with the 'Sherman notes.' Worn out and uncurrent coin is to be recoined at the expense of the Treasury.

REFUNDING BONDS.

"The 5 per cent. bonds payable in 1904, the 4 per cents. payable in 1908, are to be refunded into 2 per cent. 30-year gold bonds; the old bonds to be exchanged at a 2¼ per cent. investment basis; this latter provision involves the possible payment of a bonus as a consideration for the reduction of interest amounting to over $82,000,000, which payments are to be on account of the sinking fund. The expenses of the refunding are to be limited to one-fifteenth of 1 per cent. on the principal of the bonds so exchanged. (The amount of bonds involved in the refunding is about $840,000,000.)

NATIONAL BANKS.

"Small banks with a capital of $25,000 may be organized in places having a population of 3,000 inhabitants or less. All banks are authorized to increase their circulation to the par of bonds deposited with the Government to secure the same, and such bond deposits may be to the full amount of the capital of the banks. (The 10 per cent. additional circulation will add approximately $23,600,000. Banks have now (February 1, 1900) about $236,000,000 bonds deposited; this may, under the law, be increased to $608,000,000, the total capital of the national banks.) The provision of law prohibiting banks reducing their

circulation from again increasing it for six months is repealed. This is designed to promote elasticity.

TAX ON CIRCULATING NOTES.

"Banks taking out circulation on deposits of the new 2 per cent. bonds (or depositing the new ones for the old bonds) are to be taxed only one-half of 1 per cent. per annum on their circulation instead of 1 per cent., as now.

BIMETALLISM.

"The bill closes with a declaration that nothing therein is intended to preclude the accomplishment of international bimetallism when conditions and action of leading commercial nations warrants."

CHAPTER XXIX.

THE GOLD STANDARD.

Gold is now the standard of value in this country. The Currency Bill, which became a law this year (1900), imposed upon the Secretary of the Treasury the duty of redeeming the Government's legal-tender notes in gold, and maintaining the parity of all forms of money issued by the Government, and gave him ample means therefor. This law cannot be successfully assailed by a political party during the next six years.

A review of the financial legislation of the country since specie payments were suspended, nearly forty years ago, is decidedly interesting. The most impressive lesson it conveys, said *The Evening Post* recently, is the old one that the descent to Avernus is easy, but that the return is laborious and difficult.

The suspension of specie payment took place in the month of December, 1861, in consequence of the civil war. The banks and the Government suspended simultaneously.

The legal-tender act was passed February 25, 1862. It provided for the issue of $150,000,000 of United States notes to circulate as money. Another issue of $150,000,000 was authorized by Congress June 7, 1862, and a third issue of $100,000,000 January 17, 1863. These notes were convertible into United States bonds, bearing 6 per cent. interest, payable in coin, but this clause in the law was repealed March 3, 1863. This change in the law was recommended by Secretary Chase, but he lived to regret his action. In an opinion written by him as Chief Justice he said that if the funding clause had been retained, specie payments would have been resumed automatically very soon after the close of the war. The greenbacks would have been converted into bonds. Gold and convertible bank notes would have flowed in to take their place. The transition would have come about in a natural way, and would have been scarcely observed.

February 25, 1863, Congress passed the first national banking law. It was superseded by the more elaborate act of June 3, 1864.

June 17, 1864, Congress passed a law to prohibit speculation in gold or foreign exchange. It was a complete fiasco and was repealed July 2, 1864.

April 12, 1866, Congress passed a law authorizing the Secretary of the Treasury to retire and cancel $10,000,000 of United States notes within six months, and $4,000,000 per month thereafter. This act was repealed February 4, 1868.

A controversy having arisen over the question whether the interest-bearing debt of the United States was payable in greenbacks, Congress passed a joint resolution March 18, 1869, declaring that all Government obligations were payable in coin, unless the law under which they were issued expressly provided for some other payment. This was the first great controversy that grew out of the legal-tender act. It was bitter and long continued. Political parties made platforms in reference to this issue. Congress and Presidents were elected upon it. The Greenbackers were finally beaten and driven out

of the field, but they contended for the right to pay the bonds with greenbacks until after specie payments were resumed.

February 12, 1873, Congress passed a law regulating the coinage. By this act the coinage of the silver dollar was discontinued, and the legal-tender faculty of silver coins was limited to five dollars in one payment (afterwards raised to ten dollars), and the gold dollar was made the unit of value. This act was passed unanimously in the Senate, and with only 13 negative votes in the House. The author of the bill was the late John Jay Knox, Comptroller of the Currency. Neither he, nor anybody else at that time, anticipated the decline that afterwards took place in the price of silver. The silver dollar was at that time worth two cents more than the gold dollar. No silver dollars had been in circulation for thirty years. The only purpose of the bill was to consolidate and revise the coinage laws and bring them into conformity to facts. The act must be regarded a most fortunate one, although it led to one of the most protracted controversies on the money question that the country has ever seen.

April 22, 1874, Congress having passed an act to increase the amount of United States notes by $44,000,000, President Grant vetoed it, and it was not passed over the veto. This was commonly called the "Inflation Bill."

January 4, 1875, Congress passed an act to provide for the resumption of specie payments on the 1st of January, 1879. It fell to the administration of President Hayes to carry this law into effect. John Sherman was Secretary of the Treasury. He acted in a very energetic and intelligent manner, and he was helped by a very favorable condition of the foreign trade of the country. Specie payments were resumed at the time fixed in the law. The premium on gold had disappeared before the time fixed for resumption. No gold was called for on the day when the Treasury doors were opened, and only $11,000,000 of greenbacks were presented for redemption during the succeeding twelve months.

In 1876 the decline in the value of silver had become suffi-

ciently marked to attract the attention of ambitious politicians, and the so-called "debtor class." An agitation, led by the late R. P. Bland, of Missouri, was started for its remonetization. It became the most important issue in politics. The Bland bill passed the House in 1877, was sent to the Senate, and there amended, on motion of Senator Allison, so as to require the Government to buy at least $2,000,000 worth of silver bullion per month, and coin it into dollars which should be legal tender, and pay the same for Government expenses, or to purchase more bullion. As thus amended the act was vetoed by President Hayes, and was passed over his veto February 28, 1878. The sum of $378,166,793 was coined under it.

The act continued in force until July 14, 1890, when it was superseded by the so-called Sherman act, which increased the Government's purchases of silver to 4,500,000 ounces of silver bullion per month. In order to avoid the delay of coining, it was provided that legal-tender notes should be issued to the sellers of the silver, and that the bullion should be kept in the Treasury.

This act caused the panic of 1893. It continued in force until October 30 of that year, when it was repealed by Congress at a special session called by President Cleveland for that purpose.

CHAPTER XXX.

THE WORLD'S SUPPLY OF GOLD.

The results of a study of the gold movement since 1896 to January, 1900, conducted by Maurice L. Muhleman, Deputy Assistant Treasurer of the United States at New York, have been presented as follows:

The recent exportation of gold to Europe and the suspension of production in South Africa has directed attention to the world's supply of yellow metal and its distribution. Accurate figures for the end of 1899 are not yet available, but those at

hand are sufficiently so to give a comprehensive general view of the subject. I have taken for comparison the period from the close of 1896, in which year the conditions in the United States were decidedly unsettled.

The world's production of gold in the three years 1897, 1898 and 1899 is estimated to have been between 825 and 850 millions. The following table shows the location of important stocks of gold at dates named, in millions of dollars:

Jan. 1.	*In all European b'ks of issue.*	*Entire stock in U. S.*	*U. S. Treas. Reserve.*	*In U. S. Nat. bks.*
1897. . .	1,591	693	137	181
1898. . .	1,749	745	161	207
1899. . .	1,632	949	246	281
1900. . .	1,595	1,016	240	314

It will thus be seen that the banks of Europe had on the first of the present month very little more gold than at the beginning of 1897, whereas the United States gained 323 millions. We kept our own product and gained by imports about 135 millions. The United States was thus best able to lose gold to England when the demand arose.

The principal banks of Europe showed at dates named holdings as follows, in millions of dollars:

Jan. 1.	*Eng.*	*Fr'nce.*	*Germ'y.*	*Aust'a.*	*Russ.*	*Italy.*	*Spain.*
1897. . .	171	382	133	127	476	88	43
1898. . .	154	394	149	153	614	80	47
1899. . .	153	363	141	151	520	80	55
1900. . .	146	376	127	162	463	79	68

In the redistribution during the three years Russia shows a loss of 151 millions, practically all of which went into circulation in redemption of the bank's notes, under the law for resumption of specie payments. Spain and Austria gained materially, while England, France and Germany lost. The South African war not only stopped the usual flow of gold to London, but compelled England to send large amounts to the Cape.

We are now prepared to estimate what became of the world's product of, say, 850 millions. The consumption in arts and

manufactures for the world amounts to upward of sixty millions annually, so that nearly 200 millions were probably so used; India always draws more gold from Europe than she returns, besides keeping her own product; this and the similar movement to other countries in the Orient probably accounts for 150 millions; the United States, as we have seen, took 323 millions (keeping their large product and importing about 135 millions more than were exported); and Russia's adoption of the gold standard accounts for, say, 151 millions disappearing from the usual depositories. These items aggregate 624 millions, and thus practically account for the enormous sums taken out of the earth since the end of 1896. England's exports to the Cape Colony probably make up the remainder.

CHAPTER XXXI.

CALCULATING BOND VALUES.

The figuring of bond values is always an interesting subject, and especially so in view of the 1900 currency law. To the average mind, for example, the expression "present worth to yield an income of 2¼ per cent.," contained in the refunding provision of that law, is perplexing. The methods employed in determining bond values are familiarly understood by very few people. Even bankers and professional financiers rarely tax themselves with the puzzling and intricate problems involved, preferring to rely upon the tables published by expert actuaries. However, an exposition of the A, B, C principles involved in such calculation will be interesting.

It is usually the case that the absolute or theoretical value of a bond differs more or less widely from its market value. This is far less true of Government bonds than of others with greater uncertainty as to solvency. The premium commanded by a bond is determined: First, by its solvency—its certainty of full redemption; second, by the rate of interest that it bears; third, by the time it has to run; fourth, by any outside circum-

stances—permanent or passing—which may make its possession desirable or necessary. The extent to which the rate of interest called for by a bond influences the premium depends upon how much that rate exceeds the recognized actual or standard value of money. For more than a quarter of a century the value, or earning power, of money in this country has been gradually declining toward the European level, until at last Congress, in the Currency bill just enacted, has sanctioned a rate of 2¼ per cent. as justly representing the unaided and self-relying earning power of capital. In other words, the bill assumes that money, when placed upon a security of absolute solvency, is entitled to 2¼ per cent. interest.

When the Government issued the obligations that it offered to refund in March, 1900, conditions were such that it was compelled, or induced, to obligate itself to pay interest rates largely in excess of the present value of money. This in due time gave a premium value to these obligations. The expression "present worth to yield an income of 2¼ per cent." means, therefore, that the United States Government, adopting the latter rate as a fair measure of money value, has offered to buy in its unmatured bonds and to pay for them the premiums to which they are accordingly entitled. This premium, broadly speaking, is a lump sum capitalization of the difference between the total amount that a man purchasing a bond now, and holding it until maturity, would receive in interest coupons (at the stipulated rate of the bond), and the amount he would be entitled to with money admitted to be worth only 2¼ per cent.

The bonds are assumably worth the same to the Government to redeem that they are to the investor to hold. What, then, are the legitimate prices which either the Government or the investor should pay, with money worth 2¼ per cent. and with the outstanding bonds calling for 3, 4 and 5 per cent., according to their class?

The principles involved in the computation are the same for all bonds, whether Government, State or Corporation; but the Government's are, of course, the only ones looked upon as pos-

sessing absolute solvency, and are held in correspondingly superior estimation. To illustrate these principles let us take an imaginary $100 bond absolutely solvent with the following conditions, viz.:

Interest, 4 per cent. per annum, payable semi-annually—bond has five years yet to run. To avoid fractions assume (instead of 2¼) that the theoretical or recognized standard value of money is 2 per cent., what, then, is the present worth of the hypothetical bond?

We begin with what we know to be a fact, namely, that the bond at maturity (five years hence), with the last six months' interest added, will be worth 102. What will the bond be worth (ex-accrued interest) six months before maturity?

Let X represent that value, whatever it may be, and we have:

$X = 102 -$ (X multiplied by 1 per cent.)

In this equation "X multiplied by 1 per cent." represents the semi-annual interest (at the standard rate of 2 per cent.) which the investor would be "out of" while his money (X in amount) is tied up for the six months. That is to say: Having paid X for his bond, ex-interest, at the beginning of the final six months, his money lies idle in order to be worth 102 at maturity, and the redemption price of 102 will have an offset (or a "minus") to the extent of that lost interest, against it. "X multiplied by 1 per cent." is an equivalent expression to "One per cent. of X," or $\frac{X}{100}$. Then, algebraically:

$X = 102 - \frac{X}{100}$ becomes X plus $\frac{X}{100} = 102$. And $101\ X = 10{,}200$.

Therefore $X = 10{,}200$ divided by 101, or 100.99 in round numbers.

Thus the value of the bond six months before maturity, and after the preceding six months coupon of $2 is paid, would be $100.99. Its value *before* the payment of this coupon would, of course, be $102.99.

Now if the bond, with accrued interest, was worth $102.99

six months before maturity, what would it be worth one year before maturity (ex-interest)? Let X represent that value. Then, as before and for the same reasons:

$$X = 102.99 - \frac{X}{100}$$

$$X + \frac{X}{100} = 102.99$$

$$101\ X = 102.9900$$

$$X = 101.9702$$

Let us say, then, that the value of the bond (ex-coupon) one year before maturity would be $101.97; this would make it worth $103.97 before the interest was paid. What would then be its worth (ex-interest) eighteen months before maturity? Proceeding as before we have:

$$X = 103.97 - \frac{X}{100}, \text{ and}$$

$$101\ X = 103.9700$$

$X = 102.94 =$ Worth (ex-interest) eighteen months before maturity. With accrued interest it would be worth $104.94.

By similar figuring we find that two years before maturity the bond would be worth (ex-interest) $103.90, and with interest $105.90.

Anyone who cares to do so can carry out the computation, as above explained, and ascertain the "present worth"—five years before maturity.

CHAPTER XXXII.

THE GOVERNMENT CROP REPORTS; WHAT THEY ARE AND WHEN ISSUED.

The monthly crop reports of the Department of Agriculture are received in Wall Street directly after they are issued, and they give the following information:

The monthly crop reports of the Department of Agriculture give the following information in the months named:

December—Area and product of wheat, corn, oats, rye, barley, potatoes, hay, tobacco for the year; farm prices of the principal agricultural products on December 1; area and condition of the growing winter wheat and rye.

January and February—Number and value of farm animals in the United States; general miscellaneous crop reports; farm animals of the world.

March—Supplies of wheat, corn and oats in farmers' hands and the qualities of the crops. Also an estimate of the wheat crops of the world.

April—Average condition of winter wheat and rye; number of farm animals and losses from disease.

May—Condition of winter wheat, rye and barley; condition of meadows and spring pastures, cotton area and planting; spring plowing.

June—Acreage and condition of winter wheat, spring wheat, rye, barley, oats, clover, cotton and rice, and average condition of spring pastures, apples and peaches.

July—Acreage and condition of corn; average condition of winter wheat and spring wheat, and combined condition of the two; average condition of winter and spring rye; average condition of oats and barley; acreage and condition of potatoes, beans, sorghum and tobacco; average condition of cotton, rice, clover, timothy, pastures, apples, peaches and grapes, and average weight of wool fleeces.

August—Average condition of corn, spring wheat, spring rye, oats, barley, tobacco, pastures, cotton, sorghum, sugar cane, rice, appless, peaches, grapes; acreage and condition of buckwheat, potatoes and hay.

September—Average condition of corn, buckwheat, potatoes, tobacco, cotton, sorghum, sugar cane, rice, apples, peaches, grapes; acreage and condition of clover; average condition of winter wheat, rye, oats and barley when harvested; number and condition of stock hogs.

October—Average yield per acre of wheat, rye, oats and barley; average condition of buckwheat, corn, potatoes, tobacco, sorghum, sugar cane, cotton and rice.

November—Average yields of corn, potatoes, hay, tobacco, buckwheat, cotton, sorghum, per acre, and of sugar cane, apples, pears and grapes, compared with the year previous.

CHAPTER XXXIII.

AN A B C TABLE OF STAMP TAXES, SCHEDULE A.

Agreement, Renewal or Continuance, by letter or otherwise. Same as original.

Agreement to Rent or Lease. See Lease.

Agreement of Sale or to Sell any products or merchandise at any exchange or board of trade or any similar place, for present or future delivery, or any renewal or continuance of same by letter or otherwise, for each $100 in value or fraction thereof........................$0.01

Agreement to Sell or Transfer Stocks or shares in any association, company or corporation, or any renewal or continuance of same by letter or otherwise. On each $100 of face value or fraction thereof. 02

Assignment of Lease. See Lease.

Assignment of Realty. See Deed.

Assignment of Mortgage. See Mortgage.

Assignment of Insurance. Same rate as original.

Assignment, in blank, of Stocks or Shares. See agreement to sell.

Bank Check, draft or certificate of deposit not drawing interest or order for payment of money at sight or on demand................. .02

Bill of Exchange (inland) draft, certificate of deposit drawing interest, or order for payment of money, otherwise than at sight or on demand, or any promissory note or renewal of same, for each $100 or fraction thereof.. .02

Bill of Exchange (foreign) or letter of credit (including orders by telegraph or otherwise for payment of money) drawn in but payable out of the United States, if drawn singly, for each $100 or fraction thereof. 04

If drawn in sets of two or more, for every bill of each set for each $100 (or equivalent thereof) or fractional part thereof........ .02

*Bill of Exchange (foreign) or order for payment of money, drawn out of but payable in the U. S., on acceptance or payment of same, same as for Bills of Ex., inland. See Section 11 below.

Bills of Lading (inland) express or freight receipt...................... .01

And on each duplicate thereof.. .01

Full text of the law makes this tax payable by the carrier.

Bill of Lading or Receipt (foreign) for goods, merchandise or effects, to be exported to any foreign place................................. .10

To British North America, on steamboat or other vessel, exempt.

†Bond, debentures or certificates of indebtedness, on each $100 of face value or fraction thereof.. .05

Bond of Indemnity and all other bonds, except such as may be required in legal proceedings, not otherwise provided for............ .50

Brokers' Contract, Note or Mem. of Sale. See Contract, Brokers.

Cablegram. See Dispatch Telegraphic.

Certificate. Any certificate of damage or otherwise, and all other certificates issued by port warden or marine surveyor.............. .25

Certificate of any description required by law, not otherwise specified. 10

Certificate of Deposit not drawing interest. See Bank Check.
Certificate of Deposit drawing interest. See Bill of Ex. (inland).
Certificate of Indebtedness. See Bond.
Certificate of Profits or any memoranda showing interest in property of any ass'n or corporation, and on all transfers thereof, on each $100 of face value or fraction thereof.............................$0.02
Certificate of Stock. Original issue, on organization or re-organization. On each $100 of face value or fraction thereof............... .05
Charter Party and renewal or transfer of same, by letter or otherwise.
300 tons or under.. 3.00
Exceeding 300 and not exceeding 600 tons........................ 5.00
Exceeding 600 tons..10.00
Check. See Bank Check.
Contract. Broker's note or memorandum of sale issued by brokers or persons acting as such, for each note or memorandum of sale, not otherwise provided for....................................... .10
Contract, Renewal or Continuance, by letter or otherwise. Same as original.
Consumption Entry. See Entry of Merchandise.
Continuance. See Renewal.
Conveyance. See Deed.
Conveyance in trust as security. See Mortgage.
Debenture. See Bond.
Deed or Instrument transferring or assigning realty.
Exceeding $100 and not exceeding $500............................ .50
And for each additional $500 or fraction thereof.................... .50
Dispatch Telegraphic... .01
Except on order for money (foreign). See Bill of Exchange (foreign).
Dividend. Power of Attorney to collect................................ .25
Draft (inland), not drawing interest. See Bank Check.
" other than sight or demand. See Bill of Ex. (inland).
(foreign) drawn in U. S. See Bill of Ex. (foreign).
" drawn out of U. S. See *Bill of Ex. (foreign).
Entry of Merchandise. Consumption or Warehouse.
Not exceeding $100 value.. .25
Exceeding $100 and not exceeding $500 value........................ .50
Exceeding $500 value.. 1.00
Entry, Withdrawal from customs bonded warehouse.................... .50
Indemnity Bond. See Bond.
Insurance (life). See full text of the law.
Insurance (other than life), each policy or renewal, on amount of premium.................................½ cent on each dollar or fraction
Purely co-operative or mutual fire insurance carried on by members thereof for protection, and not for profit, exempt.
Insurance, Assignment, or Transfer of. Same rate as original.

Lease, agreement, memorandum or contract for hire, use or rent of land, tenement, or portion thereof, and any assignment transfer, renewal or continuance of same, by letter or otherwise, not exceeding one year...$0.25
Exceeding one and not exceeding three years..................... .50
Exceeding three years... 1.00
Letter of Credit. See Bill of Exchange (foreign).
Manifest for Custom House entry or clearance of vessel for foreign port. Registered tonnage, 300 or under.......................... 1.00
Exceeding 300 and not exceeding 600 tons........................ 3.00
Exceeding 600 tons... 5.00
To British North America exempt.
Memoranda of Sales of Stock. See Agreement to sell Stock.
Memoranda of Deliveries of Stock. See agreement to sell Stock.
Memoranda of Transfers of Shares, or Certificates of Stock. See Agreement to sell Stock.
Memoranda of Sales, Brokers, not otherwise provided for. See Contract, Brokers.
Money Order. See Bank Check and Bill of Exchange.
Mortgage, real or personal, or any conveyance in trust as security and on any assignment or transfer of mortgage.
Exceeding $1,000 and not exceeding $1,500.......................... .25
And on each $500 or fraction thereof in excess of $1,500........... .25
Note, promissory. See Bill of Exchange (inland).
Order for Payment of Money. See Bank Check and Bill of Exchange.
Passage Ticket to foreign ports. Costing $30 or under............... 1.00
Over $30 and not over $60.. 3.00
Exceeding $60. . . . . 5.00
To British North America, on steamboat, or other vessel, exempt.
Power of Attorney or Proxy to vote at any election for officers of any incorporated company or ass'n, except religious, charitable or literary societies, or public cemeteries.............................. .10
Power of Attorney to Sell or Convey real estate, rent or lease, receive or collect rent, sell or transfer stock, bonds, script, or collect dividends or interest, or for other acts not hereinbefore specified. 25
Papers for Collection of Claims against the United States for pensions, back pay, bounty, or property lost in military or naval service, are exempt.
Promissory Note. See Bill of Exchange (inland).
Protest of note, bill of exchange, acceptance, check, draft, or any marine protest.. .25
Proxy to Vote. See Power of Attorney to vote.
Receipts, express or freight. See Bill of Lading (inland).
Receipts for goods to be exported. See Bill of Lading (foreign).

Renewal or continuance of any agreement, contract or charter, by letter or otherwise. Same rate as for original.
Telegram. See Dispatch, Telegraphic.
Transfer of Insurance. Same rate as on original.
Transfer of Stock, power of attorney..$0.25
Warehouse Entry. See Entry of Merchandise.
Warehouse Receipt for property on storage, except agricultural products deposited by grower.. .25
Withdrawal Entry from customs bonded warehouse.................... .50

*Sec. 11. That the acceptor or acceptors of any bill of exchange or order for the payment of any sum of money drawn, or purporting to be drawn, in any foreign country, but payable in the United States, shall, before paying or accepting the same, place thereupon a stamp, indicating the tax upon the same, as the law requires for inland bills of exchange or promissory notes; and no bill of exchange shall be paid or negotiated without such stamp.

†Secs. 14 and 17. *Provided*, That any bond, debenture, certificate of stock, or certificate of indebtedness issued in any foreign country shall pay the same tax as is required by law on similar instruments when issued, sold, or transferred in the United States; and the party to whom the same is issued, or by whom it is sold or transferred, shall, before selling or transferring the same, affix thereon the stamp or stamps indicating the tax required.

That all bonds, debentures, or certificates of indebtedness issued by the officers of the United States Government, or by the officers of any State, county, town, municipal corporation, or other corporation exercising the taxing power, shall be, and hereby are, exempt from the stamp taxes required by this Act: * * * * * *Provided further*, That stock and bonds issued by co-operative building and loan associations whose capital stock does not exceed ten thousand dollars, and building and loan associations or companies that make loans only to their shareholders, shall be exempt from the tax herein provided.

Sec. 9. That in any and all cases where an adhesive stamp shall be used for denoting any tax imposed by this Act, except as hereinafter provided, the person using or affixing the same shall write or stamp thereupon the initials of his name and the date upon which the same shall be attached or used.

CHAPTER XXXIV.

A DIRECTORY OF TRUST COMPANIES AND STATISTICAL INFORMATION RELATING TO THEM.

An exhibit, showing the past progress and present condition of five of the oldest Financial Trust Companies of New York City, based on Official Reports to the State Banking Department.

("The Big Five.") *Name.*	*Capital.*	*Surplus Dec. 31, 1885.*	*Surplus Dec. 31, 1899.*	*Increase of Surplus during last 14 years.*	*Increase of Book value on basis of $100 per share 14 years.*	*Amount of Dividends paid, including additions to Surplus, 14 years.*	*Dividends now paid.*
Central Trust, Chart'd in 1873,	$1,000,000	$1,909,627	$10,257,566	$8,347,939	835	$13,837,939	60 per cent.
Farmers Loan & Tr. " 1822,	1,000,000	2,322,646	5,525,125	3,202,479	320	7,102,479	30 per cent.
N. Y. Life Ins. & Tr. " 1830,	1,000,000	2,055,512	3,432,713	1,377,201	138	5,727,201	40 per cent.
Union Trust, " 1864,	1,000,000	2,020,441	6,168,808	4,148,367	415	7,398,367	32 per cent.
United States Trust, " 1853,	2,000,000	5,700,558	10,738,527	5,037,969	252	13,807,969	40 per cent.
Totals..........	$6,000,000	$14,008,784	$36,122,739	$22,113,955		$47,873,955	

NEW YORK AND BROOKLYN FINANCIAL TRUST COMPANIES.

QUOTATIONS, JANUARY 15, 1900.

Name.	Capital.	Capital, Reserve and Surplus, Dec. 31, 1899.	Par Value.	Book Value.	Total Dividends Paid, 1899.	Last Dividend.	Last Payment.	Bid.	Asked.
Atlantic.	$1,000,000	$1,496,045	$100	150	0	2	Q Jan., 1898	190	——
Banker's.	1,500,000	3,007,134	100	200	0	—	New	200	205
Brooklyn§.	1,000,000	2,697,913	100	270	16	4	Q Jan., 1900	405	——
Central.	1,000,000	11,257,566	100	1126	50	*15	Bi-mo. Jan., 1900	2,100	——
Central Realty Bond and Trust.	1,000,000	1,581,208	100	158	0	—	New	275	310
City.	1,000,000	2,181,277	100	218	0	—	New	——	400
Colonial.	1,000,000	1,935,468	100	193	5	5	Jan., 1900	385	——
Continental.	500,000	1,107,387	100	221	6	1½	Q Jan., 1900	370	——
Farmers' Loan and Trust.	1,000,000	6,525,125	25	652	30	‡10	Q Nov., 1899	1,375	1,425
Fifth Avenue.	500,000	1,208,133	100	242	0	—	New	400	——
Franklin§.	1,000,000	2,266,212	100	227	10	2½	Q Jan., 1900	300	——
Guaranty.	2,000,000	5,904,192	100	295	12	6	Jan., 1900	650	——
Hamilton§.	500,000	1,154,861	100	231	8	2	Q Nov., 1899	272	——
International Banking and Trust¶.	1,000,000	Sur. 500,000	100	¶	¶	¶	¶	135	150
Kings County§.	500,000	1,441,549	100	288	10	2½	Q Nov., 1899	350	——
Knickerbocker.	1,000,000	1,957,885	100	196	7	3½	Jan., 1900	380	——
Long Island Loan and Trust§.	500,000	1,030,070	100	206	8½	2½	Q Jan., 1900	260	——
Manhattan.	1,000,000	2,194,477	30	219	5½	3	Jan., 1900	375	——
Manufacturers'§.	500,000	1,237,907	100	247	10	†2	Q Jan., 1900	330	——

(*Continued on following page.*)

NEW YORK AND BROOKLYN FINANCIAL TRUST COMPANIES.—*Continued.*

Name.	*Capital.*	*Capital, Reserve and Surplus. Dec. 31, 1899.*	*Par Value.*	*Book Value.*	*Total Dividends Paid, 1899.*	*Last Dividend.*	*Last Payment.*	*Bid.*	*Asked.*
Metropolitan	$1,000,000	$2,425,265	$100	242	10	5	Jan., 1900	430	465
Mercantile	2,000,000	6,230,786	100	311	16	4	Q Jan., 1900	800	—
Morton	1,000,000	2,549,538	100	255	0	—	New	405	450
Nassau§	500,000	866,198	100	173	6	3	Aug., 1899	185	—
N. Y. Life Insurance and Trust	1,000,000	4,432,713	100	443	40	20	Dec., 1899	1,375	—
N. Y. Security and Trust	1,000,000	3,145,472	100	314	15	10	Nov., 1899	700	—
North American Trust	2,000,000	3,129,670	100	157	5	2½	Jan., 1900	—	150
People's§	1,000,000	2,360,791	100	236	10	2½	Q Jan., 1900	310	—
Real Estate	500,000	983,629	100	197	8	4	Jan., 1900	385	—
Standard	1,000,000	1,251,180	100	125	0	—	New	208	—
State	1,000,000	2,261,890	100	226	6	3	Jan., 1900	400	—
Title Guarantee and Trust	2,500,000	5,376,657	100	215	10	2½	Q Jan., 1900	395	415
Trust Company of America	2,500,000	5,085,606	100	203	0	—	New	200	—
United States	2,000,000	12,738,527	100	637	40	20	Jan., 1900	1,600	—
U. S. Mortgage and Trust	2,000,000	4,412,903	100	220	10	5	Jan., 1900	530	—
Union	1,000,000	7,168,808	100	717	32	8	Q Jan., 1900	1,400	—
Washington	500,000	1,183,254	100	237	10	5	Jan., 1900	310	—
Williamsburg§	700,000	1,088,562	100	155	0	—	New	200	—

* 10 per cent. extra ea. January and July. †2 per cent. extra in January. ‡5 per cent. extra ea. May and Nov. §Brooklyn Companies. Q Quarterly, all others semi-annual. ¶No official report obtainable on or before January 15, 1900.

Name of Company.	*Book Values.* Dec. 31, 1898.	*Book Values.* Dec. 31, 1899.	*Net Earnings including Dividends paid year ending Dec. 31, 1899.*	*Rate of Divi'ds now paid. Jan. 1, 1900.*
Atlantic.	126	130	24	None
Bankers'.	New	200	——	New
Brooklyn.	259	270	27	16
Central.	913	1,126	263	60
Central Realty Bond & Trust.	New	158	8	New
City.	New	218	18	New
Colonial.	166	193	32	5
Continental.	186	221	41	6
Farmers Loan & Trust.	594	652	88	30
Fifth Avenue.	210	242	32	New
Franklin.	213	227	24	10
Guaranty.	267	295	40	12
Hamilton.	224	231	15	8
Kings County.	276	288	22	10
Knickerbocker.	178	196	25	7
Long Island Loan & Trust.	201	206	13½	10
Manhattan.	182	219	42½	5½
Manufacturers.	240	247	17	10
Metropolitan.	216	242	36	10
Mercantile.	283	311	44	16
Morton.	New	255	5	New
Nassau.	167	173	12	6
N. Y. Life Ins. & Trust.	403	443	80	40
N. Y. Security & Trust.	288	314	41	15
North American.	130	157	32	5
People's.	228	236	20½	*10
Real Estate.	188	197	17	8
Standard.	101	125	24	New
State.	182	226	50	6
Title Guarantee & Trust.	200	215	25	10
Trust Company of America.	New	203	3	New
United States.	630	637	47	40
U. S. Mortgage & Trust.	178	220	52	10
Union.	671	717	78	32
Washington.	223	237	24	10
Williamsburg.	New	155	5	New

*Extra 2½ July 1.

Selling Price.	Approximate Yield of Stocks and Bonds Paying.										
	1 per cent.	2 per cent.	3 per cent.	4 per cent.	5 per cent.	6 per cent.	7 per cent.	8 per cent.	9 per cent.	10 per cent.	12 per cent.
10.......	10	20	30	40	50	60	70	80	90	100	120
12½....	8.	16.	24.	32.	40.	48.	56.	64.	72.	80.	96.
15.......	6.67	13.33	20.	26.67	33.33	40.	46.67	53.33	60.	66.67	80.
17½.....	5.71	11.43	17.14	22.86	28.57	34.28	40.	45.71	51.43	57.14	68.57
20.......	5.	10.	15.	20.	25.	30.	35.	40.	45.	50.	60.
22½.....	4.44	8.89	13.33	17.78	22.22	26.67	31.11	35.56	40.	44.44	53.33
25.......	4.	8.	12.	16.	20.	24.	28.	32.	36.	40.	48.
27½.....	3.64	7.27	10.91	14.55	18.18	21.82	25.45	29.09	32.73	36.36	43.64
30.......	3.33	6.67	10.	13.33	16.67	20.	23.33	26.67	30.	33.33	40.
32½.....	3.08	6.15	9.23	12.31	15.39	18.46	21.54	24.62	27.69	30.77	36.92
35.......	2.86	5.71	8.57	11.43	14.29	17.14	20.	22.86	25.71	28.57	34.29
37½.....	2.67	5.33	8.	10.67	13.33	16.	18.67	21.33	24.	26.67	32.
40.......	2.5	5.	7.5	10.	12.5	15.	17.5	20.	22.5	25.	30.
42½.....	2.35	4.70	7.06	9.41	11.76	14.12	16.47	18.82	21.18	23.53	28.23
45.......	2.22	4.44	6.67	8.89	11.11	13.33	15.56	17.78	20.	22.22	26.67
47½.....	2.11	4.21	6.32	8.42	10.53	12.63	14.74	16.84	18.95	21.05	25.26
50.......	2.	4.	6.	8.	10.	12.	14.	16.	18.	20.	24.
52½.....	1.90	3.81	5.71	7.62	9.52	11.43	13.33	15.24	17.14	19.05	22.86
55.......	1.82	3.63	5.45	7.27	9.09	10.91	12.72	14.55	16.36	18.18	21.82
57½.....	1.74	3.48	5.22	6.96	8.70	10.43	12.17	13.91	15.65	17.39	20.87
60.......	1.67	3.33	5.	6.67	8.33	10.	11.67	13.33	15.	16.67	20.
62½.....	1.6	3.2	4.8	6.4	8.	9.6	11.2	12.8	14.4	16.	19.2
65.......	1.54	3.08	4.62	6.15	7.69	9.23	10.77	12.31	13.85	15.38	18.46
67½.....	1.48	2.96	4.44	5.93	7.41	8.89	10.37	11.85	13.33	14.81	17.78
70.	1.43	2.86	4.29	5.71	7.14	8.57	10.	11.43	12.86	14.29	17.14
72½.....	1.38	2.76	4.14	5.52	6.90	8.27	9.65	11.03	12.41	13.79	16.55
75.......	1.33	2.67	4.	5.33	6.67	8.	9.33	10.67	12.	13.33	16.
77½.....	1.29	2.58	3.87	5.16	6.45	7.74	9.03	10.32	11.61	12.90	15.48
80.......	1.25	2.5	3.75	5.	6.25	7.5	8.75	10.	11.25	12.5	15.
82½.....	1.21	2.42	3.64	4.85	6.06	7.27	8.48	9.70	10.91	12.12	14.54
85.......	1.18	2.35	3.53	4.71	5.88	7.06	8.24	9.41	10.59	11.76	14.12
87½.....	1.14	2.29	3.43	4.57	5.71	6.86	8.	9.14	10.29	11.43	13.71
90.......	1.11	2.22	3.33	4.44	5.56	6.67	7.78	8.89	10.	11.11	13.33
92½.....	1.08	2.16	3.24	4.32	5.41	6.49	7.57	8.65	9.73	10.81	12.97
95.......	1.05	2.11	3.16	4.21	5.26	6.32	7.37	8.42	9.47	10.53	12.63
97½.....	1.03	2.05	3.08	4.10	5.13	6.15	7.18	8.21	9.23	10.26	12.31
100.......	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	12.
105.......	.95	1.90	2.86	3.81	4.76	5.71	6.67	7.62	8.57	9.52	11.43
110.......	.91	1.82	2.73	3.64	4.55	5.45	6.36	7.27	8.18	9.09	10.91
115.......	.87	1.74	2.61	3.48	4.35	5.22	6.09	6.96	7.83	8.70	10.43
120.......	.83	1.67	2.5	3.33	4.17	5.	5.83	6.67	7.5	8.33	10.
125.......	.8	1.6	2.4	3.2	4.	4.8	5.6	6.4	7.2	8.	9.6
130.......	.77	1.54	2.31	3.08	3.85	4.62	5.38	6.15	6.92	7.69	9.23
135.......	.74	1.48	2.22	2.96	3.70	4.44	5.19	5.93	6.67	7.41	8.89
140.......	.71	1.43	2.14	2.86	3.57	4.29	5.	5.71	6.43	7.14	8.57
145.......	.69	1.38	2.07	2.76	3.45	4.14	4.83	5.52	6.21	6.90	8.28
150.......	.67	1.33	2.	2.67	3.33	4.	4.67	5.33	6.	6.67	8.
155.......	.65	1.29	1.94	2.58	3.23	3.87	4.52	5.16	5.81	6.45	7.74
160.......	.63	1.25	1.87	2.5	3.12	3.75	4.37	5.	5.62	6.25	7.5
165.......	.61	1.21	1.82	2.42	3.03	3.64	4.24	4.85	5.45	6.06	7.27
170.......	.59	1.18	1.76	2.35	2.94	3.53	4.12	4.71	5.29	5.88	7.06
175.......	.57	1.14	1.71	2.29	2.86	3.43	4.	4.57	5.14	5.71	6.85
180.......	.56	1.11	1.67	2.22	2.78	3.33	3.89	4.44	5.	5.56	6.67
185.. .. .	.54	1.08	1.62	2.16	2.70	3.24	3.78	4.32	4.86	5.41	6.49
190.......	.53	1.05	1.58	2.11	2.63	3.16	3.68	4.21	4.74	5.26	6.32
195.......	.51	1.03	1.54	2.05	2.56	3.08	3.59	4.10	4.62	5.13	6.15
200.......	.5	1.	1.5	2.	2.5	3.	3.5	4.	4.5	5.	6.

Illustration:—A 7 per cent. stock selling at 150 yields 4.67 per cent.
Look down 7 per cent. column until opposite 150.

A DICTIONARY OF WALL STREET WORDS, NAMES AND PHRASES.

CHAPTER XXXV.

A wide opening. When business is active and a large crowd is trading in a single stock the opening sales will frequently be at varying prices. Thus, during the (March, 1900) Third Avenue squeeze one morning that stock opened with sales of 2,500 shares at from 90 to 100. That was a very wide opening.

Above par. Higher than the par or nominal value.

Account of sales. A statement of purchases or sales, or both, rendered to his principal by a broker.

Actual rates. The exact prices at which sterling exchange is bought and sold.

Afloat. A word used in the grain trade to designate the amount of grain which has been exported and has not arrived at its port of destination.

Approximate. Nearly but not exactly accurate; to come close to, as in quality, degree or quantity; approach closely without coinciding with exactly, as his income *approximates* $10,000.

Argentine. Relating to the Argentine Republic, and a term employed in the grain trade.

Arbitraging. Trading in two markets in order to profit by the difference in prices. Thus in stocks an arbitrage business is conducted between New York and London, and sometimes New York and Boston. Wheat is traded in under the same general conditions at times.

Arbitrage broker. A broker who makes a specialty of, or handles arbitrage business. Thus, certain New York Stock Exchange houses with London connections are called "arbitrage houses."

Assessment. A demand or call from a company to the stockholders requesting the latter to pay into the treasury a specified sum in order to continue work, retire debts, or reorganize the concern.

Assessable stock. A stock that can be assessed.

At par. The face value of a stock; usually $100 a share.

Atlantic ports. Boston, New York, Philadelphia and Baltimore—the leading export points.

Averaging out. The progressive increase of speculative trading,

so that you can close out your deal with a profit earlier than if you had held to the original investment. To illustrate: If you buy 100 shares of St. Paul at 110, and it declines to 108 when you buy another 100, a recovery to 109 would make you even.

Backwardation. A London Stock Exchange term, which signifies the amount or premium paid for delay in delivering stocks.

Bag. (See sack.)

Balance. The amount required to equalize the debtor and creditor sides of an account.

Balance of trade. The difference in money value between the imports and exports of a country. To illustrate: The balance of trade between this country and Europe has been in recent years very favorable to this country, and during the past ten years is believed to have exceeded $1,453,000,000.

Bale. When used in speculative cotton trading this word represents 500 pounds of cotton; and of hops, 180 pounds. When bought and sold for consumption, however, each bale is accurately weighed and the net weight is charged for.

Ballooning. To work up a stock far beyond its intrinsic worth by favorable stories, fictitious sales, or other means.

Baltic ports. Those Baltic Sea ports from which most of the Russian wheat was formerly exported. To-day Russian wheat is almost entirely shipped from Black Sea ports.

"Baltimore Plan." A proposition of Baltimore financiers for the solution of the currency problem.

Bank. An institution for lending, borrowing, issuing or caring for money. Banks may be either private or incorporated. They are of three kinds: (1) of *deposit*, including savings banks; (2) of *discount;* and (3) of issue or circulation. State and private banks, except those which include a department for savings, are generally exclusively banks of discount. Most modern banks combine several of these functions. National banks in the United States issue a circulating currency, the redemption and value of which are secured by United States bonds deposited in the United States Treasury. The earliest bank of deposit in the history of the world is said to be that of Barcelona, in 1401. (See Trust Company.)

Bank of England. The custodian of the public money of Great Britain and manager of the public debt; now the largest bank in the world. Its capital is equal to about $70,773,000, and its surplus $15,-000,000.

Bank of the United States. Either of the two institutions that existed (1791-1811 and 1817-1833) and acted as fiscal agents of the United States Government.

Bank clearings. The total amount of the checks and drafts exchanged by banks (members of clearing-house association) and pre-

sented daily to the manager for an adjustment of the balances. These differences are paid through the Clearing House. In large cities—Boston, Chicago, New York, etc.—less than 10 per cent. of the commercial business is transacted with currency. The "clearings" do not represent the aggregate volume of the counter transactions of banks, but form an excellent basis for calculating the comparative volume of trade and making deductions therefrom.

Bank statement. The bank statement system now in vogue, and which has been in force at least for forty years, is that of averages. For instance, a table is made up in each bank in the association showing the items of loans, specie, legal tenders and deposits for every day of the bank week. On Saturday morning the total of these various items is divided by six, the number of secular days in the week, or, in case of a holiday intervening, by five, and the average thus ascertained is reported to the clearing-house manager, who thereupon proceeds to make up the statement of averages of all the banks in the association. The total of these averages and the gain or loss in these totals, as compared with the statement of the previous week, and also the gain or loss in reserve, are promulgated promptly by the clearing-house manager, as soon as ascertained, over the stock quotation instruments. The hour for the appearance of the statement upon the "ticker" tape is about 11:30 on Saturdays, and as this hour approaches more or less intense interest is manifested in banking circles and in stock brokers' offices regarding the condition of the banks. Attention, however, chiefly is directed to the figures showing the gain or loss in the reserve, this item being regarded as indicative of the course of the call loan rate for money in the ensuing week. If, for example, the statement should show an important loss in reserve, at a time when it was small, this loss would indicate that banks would not be likely freely to lend money until the reserve had been restored, at least partially. This reserve, it may be explained, is ascertained by adding together the items of specie and legal tender, and subtracting therefrom one-fourth of the total deposits, this one-fourth being the reserve which is required to be held by the associated banks. If the total of specie and of legal tender should exceed the amount of reserve required, as above, then the banks would have a surplus, and money rates would remain easy. If, on the contrary, the total of specie and legal tenders should be less than the amount of reserve required the banks would have a deficiency of reserve. This deficiency, though it might be small, would indicate activity or higher rates for money in the near future, for the reason that in order to rectify their position individual banks, and especially national institutions, would call in loans and thus reduce deposits, thereby lessening the amount of reserve required to be held.

Barrel. A measure that varies in different trades. The standard or commercial barrel of pork is reckoned at 200 pounds, but it contains

only 190 pounds of fresh or green meat, and the addition of brine increases the weight to 220 or 225 pounds. A barrel of flour contains 196 pounds; salt, 280 pounds; resin, 280 pounds; cured fish, 200 pounds. The number of gallons in a barrel of molasses, syrup, oils, turpentine, vinegars, wines, liquors and all liquids varies from 40 to 50 gallons. They are sold on the basis of actual contents, and this is true of other measures.

Bear. A trader or speculator who works for declining prices; a trader who "sells stock short" at a price in expectation of buying back at a lower price.

Bear panic. At times when a market is oversold, unexpected good news will advance prices sharply, and then the advance is greatly aided by panic-stricken bears, who are anxious to buy in their commitments, fearing greater losses if they do not cover. The result is an abnormal rise. Thus, in March, 1900, there was a bear panic in Third Avenue stock, which jumped from 45¼ to 112 on the unexpected news that control of the company had been bought by Metropolitan interests.

Below par. Below the par or nominal value.

Black Friday. On September 24, 1869, when Jay Gould, James Fisk, Jr., and their associates effected the partial "corner" in gold that ended so disastrously in the panic of Black Friday, no gold money was in general circulation. The paper money of the time was practically irredeemable in gold, and consequently so depreciated that gold bore in relation to it a constant premium. Foreign settlements had still to be made largely in gold; customs duties, under special provision of law, were payable only in gold; and there were other occasional and exceptional uses for it. Banks, therefore, kept a certain amount of gold always on hand for the accommodation of their customers, and sold it to them over the counter, at the market price, as if it were so much flour or calico. The Government also kept a certain amount on hand, in compliance with the requirements of the law regarding the redemption of Government bonds, which were payable only in gold. These two—the gold reserve of the banks and the gold reserve of the Treasury—were substantially the only supplies. Mr. Gould and his associates sought to effect their "corner" by the simple method of buying up all the gold in the market. They so far succeeded that of all but the gold in the United States Treasury they got practical control, and they thought that they had so arranged matters that no gold from the Treasury would get into the market during the critical period of their operations. But in this they were disappointed; for just at the moment when they could least cope with it, Secretary of the Treasury Boutwell issued an order for the purchase of $4,000,000 of Government bonds, and a like amount of gold from the Treasury immediately became available to the general commercial public. The whole enterprise collapsed in a moment. Some of the managers of it lost heavily; but

not all, for at the close they were far from faithful to each other, and some saved themselves, and one or two even realized a profit.

Block. A number of shares, say 5,000 or 10,000, bought or sold in a lump.

Board. The board on which quotations are posted as they are received from the ticker.

Board room. The Exchange room.

Bonanza. A rich body, mine, vein or find of ore, especially of silver ore; a profitable investment or interest; a lucky operation.

Bond. An interest bearing debt-certificate issued usually by a corporation, municipality, or government; as a railroad bond; United States bonds; or, the condition of being bonded, as goods in a bonded warehouse for which the owner deposits with the customs authorities a bond for the payment of the duties.

Books close. Relates to the stock transfer books of a corporation. On an advertised day prior to the payment of a dividend the transfer books close, and then the stockholders of record are paid the dividends. On the day the books close the stock sells "ex-dividend" (or without the dividend) and with a dull market on such a day, the stock is usually quoted at lower figures than those of the preceding day—usually the amount of the dividend, the payment of which has been anticipated by buyers.

Books open. The interval between the time of closing and opening the stock transfer books of a corporation varies; it may be a few days or a month. During this interval stock cannot be transferred.

Break. When stock is kept up by artificial means, and a monetary stringency or other cause makes it difficult to carry the load, the attack of a bear crowd or the actual inability of the holders will produce a decline, which is called "a break."

Broker. One who executes orders based on the purchase or sale of property; an agent.

BOND BROKER.—One who makes a specialty of bonds.

COMMISSION BROKER.—One who trades for commission only.

CURB BROKER.—One who deals in the curb market only.

INVESTMENT BROKER.—One who deals in stocks bought outright for customers, and not on a margin.

MONEY BROKER.—A dealer in coin, bullion and foreign exchange; a Stock Exchange member whose business is the lending of money on call for banks.

OUTSIDE BROKER.—A member of no exchange who trades in miscellaneous securities.

SPECIALIST.—A broker who confines his attention to one, or a very few stocks.

TWO-DOLLAR BROKER.—A member of the Stock Exchange who executes orders for fellow-members for a commission of $2 per hundred shares.

Bucket shop. The pest of Wall Street and the country. A bucket shop is a place where bets are made on regular Exchange quotations. The bets are usually based on $5 as a minimum or 5 shares of stock on a margin of one percent. They are illegal in most States, and ought to be illegal in all. Their business is extensive; in fact, so much so that if all their business could be diverted to the regular exchanges, present facilities would have to be enlarged to handle the business. They obtain their quotations by fraud and are conducted by unscrupulous gamblers.

Bulge. A sharp but comparatively small advance.

Bull. A speculator for an advance; one who works to secure or believes in higher prices.

Bulling the market. Advancing prices.

Bushel. In the different States the number of pounds in a bushel is fixed by law, and, while generally uniform, it varies.

Buy, or sell at the opening. To execute a trade immediately after the Exchange has opened, at the market price.

Buying on a scale. Buying at regular intervals. To illustrate: Buying St. Paul at 110, 108, 106, 104 and 102 would be buying on a 2 per cent. declining scale. Selling on a scale is the opposite method. To buy on an advancing, or sell on a declining scale is also called "pyramiding." (See Pyramiding.)

Buying outright. To purchase stocks and pay their full value, taking them away, if so desired.

Buyer's option. A transaction with the purchaser having the right to require the delivery of stock upon any day within the time covered by the option after giving the seller due notice. Thus, the term "buyer 3" means bought with the privilege of "calling" the stock at any time within three days; if not "called" the stock is delivered on the third day

By-bidder. A man who bids at auction in behalf of the owner for the purpose of advancing the price of the property.

Cables. Cablegrams reporting foreign markets. Public cables are received daily by the large produce exchanges from Europe, and private cables from special correspondents are received daily by private banking and commission stock and grain houses.

Call loans. Money loaned subject to the call of the lender, who can demand its return on any day prior to the close of banking hours. Call loans are made on Stock Exchange securities, with margins varying, and railroad shares enjoying preference as compared with individuals. Borrowings upon collateral (or call loans) differ materially from ordinary mercantile or other borrowing. A borrower upon col-

lateral verbally arranges for a loan with the representative of the lender, with whom he customarily deals, and the borrower obtains the accommodation upon the delivery to the lender of acceptable collateral. For example, if John Doe, stockbroker, wishes to borrow $100,000 in the stock market he either bids for the money or he accepts the ruling rate in the loan crowd at the Board. In either case his demand is supplied by the representative in the board of the lending institution, and the above noted representative records the transaction in ordinary memorandum form, such as "loaned John Doe $100,000, at 2½ per cent., on good mixed collateral," and this record is sent to the bank. The borrower later sends to the lending institution securities of the character agreed upon, and having an aggregate market value 10 or 20 per cent. above the amount loaned. Railroad stocks and bonds are preferred to industrial securities in making call loans, and the rates are at times differentiated in favor of the former. The collateral is inclosed in what is known as a "loan envelope," bearing on its face a list of the securities contained therein with their values. If the security is acceptable the loan is placed to the credit of the borrower. The application for the loan in the case is verbal, and hence non-taxable. Borrowers who have the privilege of obtaining money in the manner described are regular customers of the lending institution. In order to enjoy the privileges described, they, as a condition precedent, execute what is known as a "continuing agreement," by which they obligate themselves to pay any loan that may be made to them by the institution at any time it may be demanded, giving authority to the lender to sell or otherwise dispose of any or all securities that may belong to them, and may be in possession of the bank, when default shall be made. The maker of the agreement further obligates himself to reimburse the lender for any deficiency that may result from such default. The lender is secured as absolutely as he would be by negotiable instruments accompanying each specific transaction. Were it not for this "continuing agreement" method of making loans upon collateral the taxes upon such transactions would be almost if not quite prohibitory, imposing serious limitations upon stock speculation, and it was for this reason that the device was adopted. It cannot be availed of by occasional borrowers, and therefore this class, though they may offer collateral security, are required, except in special cases, to execute negotiable instruments, which must bear documentary stamps.

Cambist. A manual giving the moneys, weights and measures of different countries, and their equivalents; one versed in exchange values; a dealer or speculator in bills of exchange.

Cambism. The theory and practice of exchange.

Capital assets. Of a railroad consist of: (1) property and franchise, equipment and plant, or "cost of road and equipment;" (2) investments in securities and real estate, and (3) sinking funds.

Capital liabilities. Of a railroad are: (1) stock, and (2) bonds. income, debenture or mortgages.

Car lots. The number of cars of various grains received and inspected daily at the leading grain centres.

Carrying charges. The interest paid by buyers of stocks on the money represented by the difference between the margin deposited and the market value of the stock. Sellers of "short" stocks, as a rule, do not have to pay interest charges, which devolve on traders who buy on a margin. Grain carrying charges consist of storage, interest and insurance. They are always represented by the excess of the price for future delivery over the cash price of any commodity. To illustrate: If May wheat is 4 cents higher than cash wheat, the 4 cents represents warehousing and insurance, or the "carrying charges" up to the expiration of the option. Sellers for May delivery get a price about 4 cents higher than if sold for December delivery. Should the cash market decline 1 cent by May the short seller makes 5 cents profit; if it remains stationary he makes 4 cents; if it advances 3 cents he profits 1 cent.

Carrying stock. To hold stock with the expectation of selling it at an advance.

Cash. Stock bought "cash" means that the contract entered upon shall be fulfilled by payment and delivery of stock at or before 2:15 P. M. on the day of the sale.

Cash grain. Grain for immediate delivery, or to be delivered during the current month.

Cats and dogs. Worthless securities.

Cental. A hundredweight, or 100 pounds avoirdupois.

Centime. A monetary unit employed by France and Belgium; it is about the 1-100th part of a franc; about 5 centimes equal 1 cent of our money. Paris and Antwerp quotations are cabled in centimes.

Certified check. A check drawn on a bank, said check having written across its face the signature of the bank paying teller or cashier, certifying to the signature of the drawer and to the fact that the latter has sufficient funds on deposit with which to pay the check. Certified funds are always held in reserve by the bank to meet the certified check, and are not available for other purposes.

'Change. An abbreviation for exchange.

Chasing eighths and quarters. (See Scalpers.) The occupation of a scalper who speculates in stocks and takes small profits—eighths and quarters.

Charter. The lease of a vessel for a voyage at a specified freight rate.

Check collection charge. A charge made by banks for the collection of checks drawn on out-of-town banks.

C. I. F. Charges, insurance and freight paid or included.

Cipher Code. A special compilation of words which signify phrases, sentences and numbers, so that telegrams and cables can be sent economically and in a private form.

Clearances. Freight shipped by water from interior or coast ports.

Clearing House certificates. Certificates issued by a Clearing House Association in a time of emergency or monetary stringency, against collateral approved by a loan committee. Such certificates are used in the settlement of the daily balances between its members, and are retired as speedily as possible. (See chapter on Clearing House.)

Clique. A combination of operators, controlling large capital, in order to unduly expand or break down the market.

Coalers. The leading coal roads known as coalers are the Delaware, Lackawanna & Western, Delaware & Hudson, Jersey Central & Reading. The *Coal Trade Journal* says: "A common figure of speech describes nearly every railroad of importance in the country as a trunk line and sometimes the imagination of the country reporter elevates some small roads to that position. The real trunk lines are the members of the Trunk Line Association, which is composed of the following roads: Baltimore & Ohio, Central R. R. of New Jersey, Chesapeake & Ohio, Lackawanna, Erie, Grand Trunk, Lehigh Valley, New York Central, Ontario & Western, Pennsylvania, Philadelphia & Reading, West Shore. It is gratifying to see that of these twelve leaders in the railway world nine are distinctively coal roads. Some Western officials rather belittle the importance of coal traffic, but it is the bone and sinew of the railroad business to-day."

Collaterals. Stocks given in pawn as security when money is borrowed.

Combine. Same as "Trust." (See Trust.)

Commercial credit. Bradstreets' definition is: An estimate of the ability and disposition of individuals, firms or corporations to meet business engagements. It was formerly based chiefly on (1) reputation, and (2) capital in business, but the establishment of the mercantile agency has rendered necessary a restatement of the bases of commercial credit, to wit: (1) A closer approximation to character; (2) total net worth, the element of contingent liabilities being considered, and (3) other facts bearing on the probability of success or failure in business.

Commercial paper. Negotiable notes drawn against the buyer of merchandise.

Commissions. The fees for services in buying and selling.

Commission houses. Houses dealing only for customers, and which do not speculate for their own account.

Common carrier. A railroad or steamship line undertaking to transport goods for hire is a common carrier, and as such is liable for

losses and injuries to goods, except those which result from the acts of God, or the carelessness of the owner of the property carried, or the enemies of the country in a time of war.

Commitment. An act of engagement or pledging.

Comparison. At the close of the Stock Exchange brokers' messengers compare the day's transactions. If John Smith sells 100 shares of St. Paul to David White at 121, John Smith's messenger goes to the office of David White and compares the transaction. David White's messenger makes a similar visit to the office of John Smith, and so, if there is any mistake or friction it is straightened out before the Board opens on the following day.

Conducting transportation. A railroad report item that includes all expenses in connection with the business of hauling, transporting, or storing freight and passengers; usually sub-divided as follows: (1) Salaries and wages of operating department; (2) supplies for operating department; (3) car mileage and switching charges; (4) damage for injuries and advertising; (5) outside agencies and commissions, and (6) rents of tracks, yards and terminals.

Consign. The act of sending goods to an agent or representative. The goods sent are a consignment; the sender is the consignor and the receiver is a consignee.

Consols. An abbreviation or contraction of "consolidated." Consols represent the consolidation of the bonded debt of Great Britain, and they make the leading English funded government security. They pay 2¾ per cent.

Contango. (A London Stock Exchange term.) The rate paid for carrying shares from one settlement day until another. If a broker desires to "continue" shares or to postpone the day of delivering a premium is paid. In the seller's case this premium is called "backwardation," and in the buyer's case "contango."

Continental markets. The Paris, Berlin and Antwerp markets.

Contract grade. The grade of wheat delivered in fulfillment of future contracts.

Conversion. At times bonds are issued with a provision which makes them exchangeable for their equivalent in stock. Bonds of this character are known as "convertible" bonds, and their exchange for stock is called "conversion."

Coppers. Copper mine stocks.

Corner. A corner in stocks is made by the purchase of all the outstanding stocks of a company when quotations can be advanced at will. Corners in stocks are rare nowadays. When one is engineered it is worked against a short interest. The owners of the stock loan it freely, circulate depressing news, sell the stock down and endeavor to cause speculators to sell it short. Then the stock loaned is recalled and those who have short contracts outstanding must buy the stock at

the prices determined upon by the men who worked the corner. In grain where the purchases of any man or men are in excess of contract grain in the regular warehouses on the final delivery day of the month for which such purchases have been made, the grain in question is cornered.

Corporation. An artificial person created by law, consisting of one or more natural persons united in one body under such grants as secure a succession of members without changing the identity of the body, and empowered to act in a certain capacity, or to transact business of some designated form or nature like a natural person; a close corporation is one in which the vacancies are filled by the corporation itself; a sole corporation consists of a single person at any one time, and vested with certain legal capacities (as that of official succession) and powers not otherwise possessed; a joint stock corporation is a corporation the ownership of whose stock is divided into shares. The whole number of corporations organized in New Jersey—the boom period—between January 1 and August 1, 1899, was 1,636, and the aggregate of their capital stocks is more than $2,000,000,000.

Cotton. SPOT COTTON. When quoted it signifies the staple article of a certain grade ready for actual delivery to consumer on purchase.

Cotton. COTTON FUTURE. An option on a future month traded in by buyers and sellers at a certain premium or discount under the price of spot cotton. At the expiration of a future contract the cotton is delivered and becomes spot cotton.

Cotton. COTTON CONTRACT. The New York Contract, as distinguished from the New Orleans Contract, is for 50,000 pounds (gross) in about 100 bales of cotton, growth of the United States, to be delivered from a licensed warehouse in the port of New York during the month agreed. The delivery is at seller's option upon 5 days' notice to the buyer, and from one warehouse. The cotton to be of any grade, from Good Ordinary to Fair, inclusive, and if stained, not below Low Middling. Price to be for Middling, with additions or deductions for other grades according to the rates of the Cotton Exchange existing on the afternoon of the day previous to the date of the notice of delivery. Certificates of inspection, classification, and weights issued by the Inspector-in-Chief of Cotton of the New York Cotton Exchange to be tendered with the cotton and made the basis of settlement. Payment to be made upon the day of delivery of warehouse receipts for the cotton. Either party to have the right to call for margin, as the variations of the market for like deliveries may warrant. An original margin up to $5 per bale, to remain in a Trust Company until settlement of the contract, may be required by either party, provided demand therefor is made within 24 hours after the transaction. The party demanding the original margin must also deposit an equal amount him-

self. All margins are required to be deposited in a Trust Company or bank. The New Orleans Contract differs from the New York Contract in the following particulars: It is not required that the cotton should be classed and weighed under the auspices of the Cotton Exchange. When an original margin of $5 per bale has been deposited, the margins for variations in the markets are paid directly to the party in whose favor the market turns.

Coupon. Literally means "A thing cut off," but in Wall Street they are understood to be the obligations for interest on bonds, and are a printed part of the bond, attached in ticket form so that they may be conveniently cut off as they become due.

Coupon bonds. They are bonds payable to bearer without registration of the owner's name, and the holder may clip the coupons and collect the interest called for on their face.

Cover, to cover one's shorts. Where stock has been sold and the market rises, the seller buys where he can, in order to protect himself on the day of delivery. This is "covering short sales," and "running to cover," at a loss; if the stocks decline when they are bought in at a profit this process is also "covering one's shorts."

Craze. An extravagant desire to buy or sell.

Credit Mobilier. A financial institution incorporated in France in 1852 for placing investments on security of personal property, and for general financial operations; also, any one of various similar corporations, as that chartered in Pennsylvania, which in 1863 undertook the construction of the Union Pacific railroad and collapsed amid a political scandal involving many prominent financiers and politicians.

Cross trade. When a broker has an order to buy and sell stock at the same price the fulfillment of the orders by entering one against the other would be a cross trade. Such trading is not in favor, and to legalize the transactions the broker in such a case makes a nominal purchase and sale through another broker.

Curb market. The curb market consists of a number of brokers in miscellaneous and unlisted stocks and bonds who do most of their trading on Broad street, just below the Stock Exchange and opposite the Mills Building. Usually these brokers are the representatives of Stock Exchange firms.

Curbstone or curb broker. This name some years ago was applied to speculators who carried their offices in their pockets and bought and sold puts and calls. To-day more dignity goes with it, as it undoubtedly includes all those brokers who deal in New York's important curb market. Curb brokers are not members of any recognized exchange.

Current assets. Of a railroad consist of : (1) cash on hand and on deposit; (2) loans and bills receivable; (3) accounts receivable; (4) due from other companies and individuals; (5) due from the com-

pany's agents and officers: (6) advances to other companies, and (7) sundry assets.

Current liabilities. Of a railroad consist of: (1) loans and bills payable; (2) accounts payable; (3) pay-rolls and vouchers; (4) interest and dividends accrued; (5) due to other companies (traffic balances), and (6) sundry liabilities.

d. An English penny; equal to about two American cents.

Days of grace. Three days directly following the maturity of a note or bill, and allowed debtors by law in which to make payment.

Dead one. A bankrupt.

Deal. A combination of men who enter into a secret agreement to depress or advance a stock or group of stocks, with the object of separating other speculators from their money, are parties to a Wall Street deal.

Debenture. An investment in the nature of a bond, given as an acknowledgment of a debt, and providing for repayment out of some specified fund or source of income.

Debenture bonds. Originally notes in the form of bonds; the concentration of floating capitalization into bonded form.

Default. When a corporation fails to pay its interest coupons or other fixed charges it is in default.

Deferred shares. Stock of a corporate company which is to realize no dividend until some future contingent event, as when the net earnings shall have amounted to more than enough to pay a dividend on the common stock. Rarely heard of in Wall Street.

Delivery. When a certificate of stock has been properly transferred and the signature of the holder has been witnessed by a member of the Stock Exchange in good standing the stock is a "good" delivery. "Bad" deliveries are so termed when the rules governing "good" deliveries are violated. At times the coupons attached to bonds are worn or mutilated in a way that make them "bad" deliveries, and at such times new shares, or bonds, as the case may be, are demanded.

Delivery day. In grain trading the first business or trading day of the month is known as delivery day. As, however, all sales are at seller's option, he may deliver the grain on any day of the month for which it has been sold.

Demurrage. When railroad cars or vessels are detained beyond the time allowed for loading or discharging freight, a charge for this loss of time, which is called demurrage, is made.

Differential. A lower rate or decrease of schedule price which railways having a common tariff allow a road in the system to make in order to stimulate traffic.

Discretionary pool. At times a powerful pool is formed to depress or advance a stock, and its direction is left to the discretion of one or more members, who work for the benefit of all the members; other so-called discretionary pools have been formed by unscrupulous speculators, who, working on the weak minds of the credulous have obtained money from various sources. This money is supposed to be pooled and speculated with at the discretion of the promoter of the pool. They are excellent things to steer clear of, for their promoters properly belong in a jail. If you ever receive discretionary pool circulars send them to the Postoffice Department with a complaint.

Discount. (1) The interest allowed for advancing money on negotiable securities not yet due; the deduction allowed or counted off from the face amount of the securities, either due or to become due, at the time money is advanced upon them. (2) An amount deducted from a sum owing or to be paid; anything counted off or deducted, as a *discount* of 10 per cent.; (3) the act of discounting, as a draft deposited for discount; (4) the rate of discount, as *discount* on 30 day notes is 6 per cent.

Dividends. A term in Wall Street used to designate returns on stock investments.

Domiciliated. Negotiable paper payable in a place other than where it is drawn is domiciliated where payable.

Drawback. A shipping term referring to rebates from regular freight rates.

Drive. An attempt to force prices down. Illustration: "The bears made a *drive* at the market."

Drop in the market. The equivalent of a break, except that it may be due to entirely natural causes.

Duck; dead duck; lame duck. Phrases as old as the London Stock Exchange, but seldom heard in Wall Street. The "lame duck" is a broker who has failed to meet his engagements, and a "dead duck" is one who is absolutely past all recovery.

Early information. A Wall Street proverb—"Early information and a big bank roll will 'break' the best man that ever came to Wall Street."

E. E. Errors excepted.

E. and O. E. Errors and omissions excepted.

Engagements. Ocean and lake vessels when chartered for grain transportation represent engagements.

Estimated car lots. Lots expected at the primary grain markets on the day following the estimate.

Europe's leading banks. In Europe banks with capitals of $10,000,000 and upward are numerous. Here is a list of some of them, which is far from complete, but which sufficiently indicates the present conditions of banking in the older countries of the world:

Bank.	*Capital and Surplus.*	*Deposits.*
Bank of England..........	$88,500,000	$268,000,000
National Provincial........	25,000,000	256,000,000
Lloyd's Bank.............	17,500,000	226,000,000
London City & Midland....	22,000,000	92,000,000
Parr's Bank..............	15,000,000	125,000,000
Union Bank of London.....	18,500,000	86,000,000
British Linen Bank........	15,000,000	62,000,000
National Bank of Scotland..	11,000,000	75,000,000
Royal Bank of Scotland....	14,000,000	64,000,000
Bank of Ireland...........	20,000,000	55,000,000
National Bank (Ireland)...	10,000,000	52,000,000
Bank of France...........	45,000,000	100,000,000
Compton d'Escompte (Paris)	22,000,000	100,000,000
Imperial Bank of Germany.	50,000,000	150,000,000
Deutsche Bank (Berlin)....	52,000,000	110,000,000
Imperial Ottoman Bank....	30,000,000	37,000,000
Hong Kong & Shanghai....	12,000,000	75,000,000
Yokohama Specie Bank....	16,000,000	34,000,000

The two largest banks in this country, each having $10,000,000 capital, are the City National Bank and the National Bank of Commerce.

Evening up. (See Liquidation.)

Exchange, par of. Exchanges are made on the basis of the pure metal in coins and the theoretic parity between Great Britain and the United States is represented by the value of the pound sterling—$4.86 2-3. By adding the cost of transferring the coin or bullion across the ocean, the par of exchange, or the amount necessary to discharge the debt, one pound, of a New York merchant at the office of a London merchant, is obtained. The cost of transferring makes a very pretty mathematical calculation. The chief expenses are: Loss of interest while the gold is in transit, freight, insurance, and occasionally commissions, and they vary from day to day. The cost of insurance will depend on the nationality of the steamship, the season of the year and the speed of the steamship—fast or slow—decreasing or increasing the insurance bill. Freight includes not only the steamship freight charge, cooperage, packing and sealing the boxes or kegs of gold, but cartage from the New York bank to the steamship pier, and from the English pier to the English office. (See Foreign Exchange.)

Exchange memberships, their cost. Business prosperity has much to do with the value of Exchange memberships. When business is good, speculation is generally active, and seats on the various exchanges command higher prices than during relatively dull times. In this country exchange seats can be sold and transferred, while in

Europe, notably in the cases of the London and Berlin Exchanges, memberships represent life interests only, and are similar to club memberships. New York Stock Exchange seats command, by comparison with all other exchanges, the highest prices. The 1899 prices of seats in the various exchanges were as follows: Baltimore Stock Exchange, \$4,500; Berlin Bourse (entrance fee), not transferable, \$750; Boston Stock Exchange, \$25,000; Chicago Board of Trade, \$800; Chicago Stock Exchange, \$1,700; Consolidated Stock and Petroleum Exchange, New York, \$700; London Stock Exchange (entrance fee), not transferable, \$2,000; Montreal Stock Exchange, \$10,000; New York Coffee Exchange, \$300; New York Cotton Exchange, \$1,200; New York Maritime Exchange, \$50; New York Mercantile Exchange, \$125; New York Metal Exchange, \$10; New York Produce Exchange, \$150; New York Stock Exchange, \$40,000; Paris Bourse (appointments made and controlled by French Government); Philadelphia Stock Exchange, \$9,500; St. Louis Board of Trade, \$55; Toledo Board of Trade, \$50.

Ex-dividend. On the day the transfer books of a corporation close for the payment of a dividend, the stock, when listed on the Stock Exchange, sells ex-dividend: a stock sold ex-dividend does not carry with it to the buyer the dividend recently declared.

Exhaust price. The low point at which your margins are exhausted and when your broker must "close" or "sell" you out, if the margins are not renewed.

Exporting countries. Those grain producing countries which produce more than they consume and sell the surplus to foreign countries. This country, Argentina, Russia, Hungary, India, Roumania and Australia are the leading exporting countries.

Ex-store. The opposite of the grain term "free-on-board," and meaning that when the prices quoted are "ex-store" for goods in stock the shipping expenses are defrayed by the buyer.

Fancy stocks. New stocks quoted at high figures; highly speculative stocks that are notorious for manipulation.

Finance. (1) The science of the profitable management of money and of monetary affairs; the systematic control and regulation of revenue and expenditure; pecuniary management or method, as an approved system of national *finance*. (2) Monetary affairs; pecuniary resources; funds on hand or coming in; revenue income; usually in the plural, as the *finances* of an empire or an individual.

Fiscal year. The financial year of a national treasury or of a business, at the end of which the accounts are balanced. In the United States the fiscal year ends on June 30.

Five ports. Boston, New York, Philadelphia, Baltimore and New Orleans.

Fixed charges. A railroad report item that includes all charges on capital stocks prior to dividends. They are: (1) Interest on

funded debt; (2) interest on floating debt; (3) rentals; (4) taxes, and (5) sinking funds. Thomas F. Woodlock in "The Anatomy of a Railroad Report" says: "When fixed charges are deducted from the total net income the balance is the '*surplus*' that properly belongs to the stockholders, and is subject to their directions. It represents the profit of the business after all prior charges have been met, all expenses paid, and the property sufficiently maintained. Out of this surplus comes whatever dividends are paid on the stocks, common and preferred, of the company. Against it, however, may be (and should be) written off any extraordinary losses or depreciation not covered by operating expenses. as, for example, depreciation of investments held, bad debts, etc. What remains after this is done becomes '*surplus,*' and is added to '*profit and loss,*' or '*surplus income account.*' "

Flat. Without interest. When stock is borrowed, the demand comes from bear traders, and it frequently lends *flat* or without interest. The rate of interest is regulated by the floating supply and demand. Thus, if many brokers are carrying a certain stock, they will be anxious to lend it at a rate of interest slightly below the call loan rate. If, on the other hand, many traders have sold that stock short, and there is a scarcity of it, the bears will be willing to borrow it without exacting interest. If, again, the stock is very scarce or cornered, the bears will be forced to pay a premium for it, and during the Third Avenue bear panic it will be recalled that the bears paid as high as 4 per cent. premium, or $400 a day, to borrow the stock. Bear traders, however, are usually paid interest on the stocks they borrow.

Flint, Charles R. A millionaire importer and exporter engaged in the South American trade, who in recent years has successfully floated a number of large industrial combinations.

Floating debt. The general unfunded indebtedness of a State or corporation.

Flower stocks. Brooklyn Rapid Transit, Federal Steel, International Paper, People's Gas and Rock Island were known as Flower stocks in recognition of the interest which the late ex-Governor Roswell P. Flower had in them.

Flurry. A sudden and severe decline in the market attended by considerable excitement.

Flyer. Same as "for a turn;" the speculative purchase or sale of an occasional lot of stock or grain for a quick profit or loss.

F. O. B. Free on board.

For a turn. A quick speculative trade in an active market.

For the account of. A transaction made by a broker for another person or firm.

Forcing quotations. Where brokers wish to keep up the price of a stock, and to prevent its falling out of sight quotations are forced by small sales or by "washing."

Foreign exchange. As quoted in the daily papers, drafts on London, Berlin and Paris, or other foreign centres. Sterling exchange —drafts on London—represent pounds sterling. (See Exchange, par of, and chapters on Foreign Exchange and Gold Imports and Exports.)

Foreign port stocks. Stocks of grain in warehouses at the leading ports of Europe.

Fractional orders or lots. The units of speculation are 100 shares of stock and 5,000 bushels of grain, and orders for less amounts are for fractional lots.

Franc. A French silver coin of the value of 19.3 cents.

Free port. A port of entry where cargoes of foods can be landed free of customs duties.

Frozen out. When a trader on margin is sold out or closed out, owing to refusal to make good impaired margins, he is sometimes said to be "frozen out." When a holder of stocks in forced to sell out from one of a variety of causes he is often referred to as having been "frozen out."

Funding. The act or process of changing a floating debt or debts into a permanent loan, or of providing a sinking fund; investment in Government bonds.

Funded. Converted into a permanent loan or into bonds or the like, payable at a future time with interest; especially invested in public securities.

Funding system. A system of public finance that converts floating indebtedness into a funded debt.

Futures. Almost all speculative grain and cotton speculative trading is in futures. Men who buy cash grain protect themselves against loss by selling a specified amount for future delivery in a general market. In the case of grain Chicago is the leading market. Contracts of this kind are called futures, as they do not terminate until a future month. These futures may in an active speculative market pass through hundreds of hands until they expire.

Gas stocks. Consolidated Gas, People's Gas, Amsterdam Gas and Standard Gas are the leading gas stocks traded in on the Stock Exchange and curb market, although there are many others, which, however, are relatively inactive.

General expenses. A railroad report item which includes salaries of general officers, clerks, law expenses and insurance, etc. Usually the least important of any of the four railroad operating charges.

Give up. When the messenger of a "$2" or "special" broker makes a comparison he gives up the name of the principal who will receive or deliver the stock compared.

Gold certificates. Gold certificates are not legal tender, but are received for all public dues. They are issued by the Treasury in notes of $20 and upward against gold coin deposits.

Good delivery. Securities that are acceptable to buyers under the rules of the Stock Exchange; the opposite of Bad Delivery.

Gould, George J. Son of the late Jay Gould, under whose able management the Gould estate has greatly increased in value.

Gould stocks. Missouri Pacific, Manhattan Elevated, Western Union Telegraph and Texas Pacific are the chief properties in which the members of the Gould family are interested.

Government reports. A series of reports issued monthly by the Department of Agriculture. They tell the acreage, condition and yield of the various crops, and as a rule published at 3 P. M. on the 10th day of each month. (See Government Crop Reports.)

Granger roads. A Wall Street name used to designate roads which depend largely on farm products for freight—the St. Paul, Burlington, Northwestern, Rock Island and the Atchison are the leaders.

Guaranteed stock. Stocks of roads leased to other roads frequently have their dividends guaranteed by the lessee.

Gunning a stock. An old term which means to use every art to produce a "break" when it is known that a certain house is heavily supplied, and would be unable to resist an attack; or to force longs to sell or shorts to buy.

Havemeyer, H. O. A commercial genius. Head of one of the two most successful industrial combinations of the country—the American Sugar Refining Company.

Hard spot. A strong feature of the market indicating that a certain stock or group of stocks holds up unusually well, despite a weak or heavy market in respect to the remainder of the list.

Hebrews of Wall Street. Lest the reader should think that what follows is written in defence of the Hebrew of Wall Street it will be well to understand that he requires no defence. On the contrary, there is much to commend in him. This is said in view of misapprehension that exists outside—but not within—the Wall Street environment, and the unfair figure which the Hebrew of Lombard Street cuts in the late Harold Frederic's novel, "The Market Place." The Hebrew of Wall Street does not cry out his virtues in the highways, for he is not a braggart. He realizes, though, that he is a successful and powerful factor in the world's second financial centre, and at every turn of great affairs he must be reckoned with. He bears no resemblance to the Shylock of Shakespeare, and it may be remarked as an interesting fact that that dramatic character has his Wall Street prototype today, not in a Jew, but in a native-born American, who, as a New Yorker of many millions, neither enjoys his success nor permits philanthropic objects to share in it. But it is with the Hebrew we have to do. In appearance he is of varying stature, dark of complexion, robust, careful of his dress and by comparison not ostentatious. In temperament he is cool, shrewd, conservative and temperate. He is not unduly depressed

by losses nor elated by gains. He is seldom caught napping in a panic, for he can detect a financial storm when it is a long way off, and he rarely fails. His manners are those of the average well-bred New Yorker; if anything, the stranger calling upon him would say that he was far more polite than those who denounce him met under the same conditions. In business sometimes he is pushing to a fault. In philanthropy he is a leader and does not confine his gifts to his own race. In money matters he is extremely honest. He spends his money generously and is never a miser; but he has a great habit of getting value for his money, or to put it in another way, he is not a spendthrift, and neither over-speculates nor over-spends, living within his income and paying his bills promptly. By natural choice he is a trader, buying and selling. He prefers railroad finance to direct banking, and while he may help direct the policy of great railroads and banks, strange to say one of his peculiarities is that you will seldom hear of him as a railroad or bank president. He prefers the swiftly changing foreign exchange market to the more prosaic dealing in Government bonds, and stock speculation to trading for commissions only. In brief, he is aggressively self-reliant in those places which call for the most brains, and he is at all times a valuable citizen who would be a loss to the city and the nation. He can penetrate the intricate mysteries of the foreign exchange market, detect the flaw in a complicated railroad reorganization or report, and trade with superior judgment in a confusing speculative stock market. He is insistent that you should always get your exact due, and he expects no more. Speculation he regards as a game. A conspicuous virtue is that he is not identified with the many swindles of Wall Street, and when its history is written no pages of scandal will be found to contain his name.

Hectolitre. One hectolitre equals 2.83 bushels, or the unit of grain measurement in France.

Hedge. To lessen one's line of stock in order to minimize a loss is to hedge.

Hog products. Speculatively they are pork, lard and shortribs. Other hog products are sides, hams, shoulders and bacon, comprising in all the American hog as he is marketed for domestic and foreign consumption.

Honeycombed with stop orders. A market which contains many stop orders, and a dangerous one for those who have placed them. (See Stop Order.)

Holding the market. Moderate purchases skilfully distributed and designed to keep a market from declining.

Hypothecating. Using collaterals for loans.

"I hear" and "I understand." Two favorite expressions of Wall Street tipsters who never say "I *know* that such and such a thing will happen," but preface their tips, points and advice with "I hear,"

or "I understand." The qualification gives them a loophole for escape so that they cannot be held to account.

Importing countries. The leading grain importing countries are Great Britain, France, Germany, Italy, Holland, Belgium, Spain, Brazil, West Indies, China and Japan.

Income or revenue account. Of a railroad, it comes from two principal sources: (1) operation, and (2) interest on loans and investments or rentals. Gross income from operation consists of revenue from passenger and freight transportation, baggage, storage, mail, stock-yards, steamers, elevators, balance of car mileage, switching charges, telegraph companies, etc.

Incorporation prices. In view of the proposed change in the New York laws, making them more attractive to incorporators than New Jersey, hitherto much used for the purpose, a New York lawyer gives the following figures as the actual cost of incorporation:

Capitalization.	*New York.*	*New Jersey.*	*Delaware.*
$125,000	$166 25	$28	$30 50
500,000	635 00	103	85 50
1,000,000	1,260 00	203	160 50
10,000,000	12,510 00	2,003	1,510 50
1,000,000,000	1,250,010 00	200,003	150,010 50

These figures are made up of a sum paid to the Secretary of State and a fee to the County Clerk for recording, indexing and certifying. In New York the County Clerk receives $10; in New Jersey it is $3; in Delaware, $10.50. If the unwary seeks his incorporation through one of the small organization companies, he may be charged the following miscellaneous bill:

For $1,000,000 *in New Jersey*:	
Secretary of State	$200
Fees:	
Filing charter	1
Certifying copy	1
Filing annual report	5
Annual transfer agent's fee	100
Organization fee	100
Commissioner's fee	3
Notary's fee	3
Books and seal	20
Carfare, revenue stamps, telegrams	2
Sign with name of company	1
Total	$436

The "annual transfer agent's fee" provides for the resident director which is required of all corporations not doing business in the State where they are incorporated. The "sign with name of company" is meant to hang outside this director's door. "Organization fee" means the amount paid to the lawyer who draws up the charter. Organization companies will tell the prospective promoter that no self-respecting lawyer will charge less than $100 for drawing up a charter and putting it through. This is no doubt correct, and the lawyer's fee, like hotel accommodations and table-board, in their province of expense, rises as one goes to better lawyers. Some are known to get no less than $5,000 and $10,000 for an important piece of work. On the other hand, there seems to be diversity of opinion about the propriety of stopping over a matter of self-respect when bargain offers can be made at prices considerably under $100. To this latter class, of course, the word "corporation" has ceased to have any special significance, beyond defining any sort of combination of a number of individuals for any kind of purpose. Some companies offer to throw in a book of stock certificates under the impression, perhaps, that the new corporation will not otherwise be able to afford this necessary adjunct. Prices quoted in the bargain lists of such companies promise New Jersey charters up to $125,000 for $76, and "first-class charters" from South Dakota with all appurtenances for $61.80. The finger of scorn is pointed at these bargain companies by others, who—to use their own expression—try to live up to the lies they tell in their circulars. It is said by these that the bargain companies raise their prices to suit the purchaser, and mislead him into believing that $76 and $61.80 are prices far below actual cost, whereas the actual cost of the former is $28, and of the latter something like $30.

Industrials. American Sugar Refining, Federal Steel, American Steel and Wire, Standard Oil, American Tobacco, National Starch, the Cordage, Rubber, Linseed Oil and similar shares are known as industrials.

Industrial combines. James B. Dill, the corporation lawyer, and organizer of trusts, says that there are "great evils in many of these corporations, but there is a simple cure for them. The evils arise from fraudulent promotion, which results in fictitious capitalization. This can be prevented by the passage of a law making it a fraud for any promoter or company to advertise the capital stock of a company for sale without stating the actual capital stock paid in to the company. Such a law exists in England, and largely prevents the formation of great corporations with watered capital stock. * * * The difference between the honest and dishonest combinations is that the honest ones are capitalized at their real value, while the dishonest ones have a capitalization often several times their real value. * * * The evils of these dishonest corporations arise in the methods followed by the pro-

moters. Suppose, for instance, some promoter conceives the idea of consolidating the plants engaged in a certain line of manufacturing. He goes to the owners of the plants and gets options. He needs money, so he goes to some bank and lays the options before them, with a proposition to finance the combination. Say, for example, that the plants are worth $5,000,000. He would demand, say, $500,000 for his options, and, say, a half of the profits. If the bank agrees the promoter goes to the owners of the plants and tells them that he can pay them a quarter of their value in cash and the remainder in preferred stock, but as a special inducement he offers them a like amount of common stock. By this deal the capitalization is doubled and becomes $10,000,000. But this would leave nothing for the bank which is financing the deal, so the bank must again double the capital in order to give a proper margin. But the stock of such a corporation will sell only from 40 to 60 cents on the dollar when placed on the market, so another $10,000,000 is added, and the capital stock becomes $30,000,000, while the actual value is $5,000,00. Then the promoter and the bank quietly sell their stock for what it will bring, and the corporation is left in the hands of the stockholders with immense fixed charges to pay on watered stock. Reduction of wages follows, which means a corresponding reduction in the quality of the article manufactured, prices are advanced as far as possible, and the corporation struggles on until failure and reorganization takes place after immense losses to stockholders and employees. Such combinations are doomed from their birth. The promoters kill the goose which lays the golden egg." No man in Wall Street is better qualified to tell how trusts are formed than Mr. Dill, who has organized some of the most prominent and successful New Jersey combinations.

Insiders. The men who own the controlling interest of stock in railroad and industrial companies and shape the course of prices.

In sight. Merchandise available for immediate use, and a term applied to grain, cotton and coffee.

Inspection. In Illinois grain received at Chicago is inspected and graded by sworn inspectors under the rules of the Board of Railroad and Warehouse Commissioners. If the inspections are not satisfactory appeals may be taken to the Board of Trade's Inspection Committee.

International money market rates. The rate of interest in the international money markets varies. On the same date it is on occasions quoted at 3 per cent. in France; 4 per cent. in England, and 5 per cent. in Germany. The question arises why does not money in the old countries go where it will command the best rate, or, in other words, why does it not very soon equalize itself as to rates? Capital, all other things being equal, prefers to stay at home. In other words, a foreign borrower must bid higher, to get money from a given city, than a home borrower would have to bid. As a rule, therefore, the

market with the largest supply of capital will enjoy the lowest rates for money, and this is true even as between cities in the older countries. This of itself makes a variation in rates. But a further influence sometimes arises to disturb money market parities, in the shape of a varying demand for money at the different centres. Thus, in November, 1898, over-speculation at Berlin and some little shock to credit, created an unusual demand for money at that point, and forced the market rate up to 6 per cent., when it was 3½ at London and 2½ at New York. Similarly last December, when the war panic in London straitened that money market, rates at London went up to 7 per cent., while they remained at 4½ in Paris; this in spite of the fact that the supply of capital in London still remained larger than that in any other city of the world. The reason why the rate is generally lower in Paris than in London or Berlin is that the French are more conservative, less addicted to speculation. They are less inclined to seek investments abroad. Their capital is less mobile. It accumulates at home, and as the competition for home investment is more active, the rate of interest goes lower.

Investment buying. Buying by persons who intend to hold their purchases for a long time, presumably for the dividend returns or control.

Invisible supply. Grain in the hands of farmers or others and not included in the official statement of visible supply.

Invoice. A statement or account furnished by the shipper of goods to the receiver.

Irregular. If one group of stocks advances and another declines the market is technically described as irregular.

Irish dividends. A wag upon one occasion referred to an assessment on certain stock as an "Irish Dividend," and assessments are so called by the facetiously inclined.

Jettison. When a ship is in danger it is at times necessary to relieve the vessel of part of her cargo, and when it is abandoned by throwing it overboard it is jettisoned.

Jobbers. Used only occasionally in Wall Street, but a well-known London term where a jobber is equivalent to an operator.

Josephs, J. Arthur. The owner of the Josephs' News Bureau, and one of the characters of Wall Street. Mr. Josephs has a most remarkable fund of Wall Street anecdotes and funny stories, and is the only man who has ever come anywhere near filling the place of story teller left vacant by the death of the noted wit of Wall Street, William R. Travers.

Keppler, Rudolph. The President of the Stock Exchange.

Kilo. The unit of measurement employed by Germany and Belgium; 100 kilos equal 3.67 bushels.

Kite-flying. Expanding one's credit beyond wholesome limits.

£. The English pound sterling, equivalent $4.86½.

L. The word "elevated" abbreviated and applied to elevated railways. The Manhattan Consolidated is more often referred to as the Manhattan L, or the "L road."

Lamb. A novice in Wall Street.

Legal tender. The medium of exchange designated by law for the payment of debts; current funds.

Length of railroads. A railroad man has directed attention to the mistake often made as to which is the longest railroad in this country. Even well-posted railroad men occasionally go astray on this subject, the common error being to place the Santa Fe system second, while as a matter of fact, the Burlington route passed the Santa Fe in the mileage race and secured second place several months ago. In point of mileage, the first four American railroads are the Chicago & Northwestern, the Burlington route, the Santa Fe and the Canadian Pacific. That so few persons can correctly name the four longest American roads is apparent proof that they do not often see a railroad guide. Exclusive of side and double tracks, the mileage of the four longest roads is as follows: Chicago & Northwestern, 8,346 miles; Burlington route, 7,859; Santa Fe, 7,718; Canadian Pacific, 7,684. Most persons guess the Pennsylvania and the Southern Pacific as among the first four. The Southern Pacific ranks fifth, with 7,201 miles; then comes the Pennsylvania, with 7,098 miles. The other railroads longer than 2,000 miles follow in the order named:

Chicago, Milwaukee & St. Paul	6,420
Southern Railway	6,416
Missouri Pacific	5,326
Great Northern	5,203
Northern Pacific	4,746
Grand Trunk	4,183
Illinois Central	3,996
Chicago, Rock Island & Pacific	3,771
Louisville & Nashville	3,235
Union Pacific	3,060
New York Central & Hudson River	2,924
Big Four	2,345
Missouri, Kansas & Texas	2,222
Baltimore & Ohio	2,204
Plant System	2,140
Erie	2,104
Mexican Central	2,054
New York, New Haven & Hartford	2,047

It is surprising to some people to find so many well-known roads of the East with comparatively small mileage. The Boston & Albany is only

394 miles long. In other words, the road that unites the "Hub" with the capital of the Empire State, and is one of the busiest and richest roads on the continent, is scarcely more than one-twentieth as long as the Burlington route. The Fitchburg road, favorably known not only in New England, but all over the country, is exactly 458 miles long, and its mileage would have to be multiplied by seventeen to get within hailing distance of the mileage of the Burlington. The Lackawanna line, which has become widely known as a great trunk line since Western enterprise came to direct its management, is less than 1,000 miles long, and might be absorbed as a branch line by any one of a half dozen Western railroads. Some railroads with but little mileage have been endowed with uncommonly long names. The Beaver Meadow, Treschow & New Boston Railroad has all of three miles of track built and in actual operation. Some day the superintendent of the department of motive power and machinery of the Beaver Meadow, Treschow & New Boston Railroad may make a trip over his own line, stretching from Beaver Meadow, Pa., all the way to New Boston, Pa., a total distance of 21 miles. The Manitou & Pike's Peak Railroad, the famous cog-wheel road ascending Colorado's lofty peak, is nine miles long, but if you tried to walk the ties of this railroad you would think it had a mileage of 999 miles. The Cairo Railroad is four miles long, and there is a small road in the Catskill Mountains which has a mileage of two miles. The most popular length of the nearly 900 American railroads appears to be less than ten miles. There are over 600 railroads less than this distance in length.

Limit. To limit one's profits or losses a limit price is made at which to close a transaction.

Limited. Corporations in certain States of this country at times employ the word Limited, thus signifying that their stockholders are exempted from personal liability under the law which makes such provision. "Limited" corporations are more common in England than in this country.

Lien. A legal claim or hold on property as security for a debt or charge ; a claim that must be paid ; an imperative obligation ; a hold or bond of any kind securing possession or control.

Liquidating market. A declining market due to forced sales by holders of stock and usually attributable to excessive speculation. Technically a liquidating market might also be accompanied by rising prices due to the purchase of short stock, but it is generally understood to refer to a declining market which results in the establishment of new price levels.

Liquidation. To stock speculators liquidation means the voluntary or forced sale of long stocks.

Listed and unlisted. On the Stock Exchange securities are divided into two classes—listed and unlisted. The company having

listed stock is required to furnish a balance sheet and full information, particularly details regarding new issues of stock and bonds. One or more brokers on requesting that dealings in a certain stock be allowed among the unlisted shares, such petition is usually granted, and the Exchange does not concern itself with its financial affairs other than obtaining formal statements of the outstanding stock and bonds.

Lloyds. An association of English underwriters of marine insurance for the collection and distribution of maritime intelligence and the protection of their common interests and credit. The corporation requires from each firm of underwriters security to meet its obligations, and prints Lloyds' lists and other publications compiled from the reports of its agents in all parts of the world.

Lloyds' Register. A list of sea-going vessels of all nations classified according to seaworthiness by an association of British shipowners, shippers and underwriters which maintains an inspection of hulls, engines, etc., and supervises British marine construction.

Long. A person who has bought stocks for a rise in prices is long of stocks, and is also a bull. The opposite of a trader who is short of stocks and is a bear.

Long interest. The opposite of short interest; the total amount of stocks held by investment and margin purchasers.

Long market. An overbought market with the buying contracts for future delivery exceeding the probable demand.

London quotations. London and New York prices are sometimes substantially different. Under normal conditions the difference would be represented by the cost of exchange and the loss of interest on the money or stocks when in transit. To reduce London quotations to American equivalents multiply the London quotations by the latest price of demand sterling and divide by five.

Load. To "load" one's self with stock is to buy heavily.

Local transportations. Metropolitan Street Railway, Manhattan, Third Avenue and Brooklyn Rapid Transit are known on the Stock Exchange as the local transportation group.

Maintenance of equipment. A railroad report item containing charges necessary to keep all the company's rolling stock, marine equipment and repair shops in good condition.

Maintenance of way and structures. One of the two most important items of railroad operating expenses. Includes all charges in maintaining the permanent way and structures in good condition. Usually sub-divided as follows: (1) Repair of roadway; (2) renewals of rails and ties, and (3) repairs and renewals of bridges, culverts, fences, crossings, signs, cattle-guards, stations, buildings, docks, wharves and telegraph.

Manipulation. Manipulation in the speculative markets is the making of prices by the inside or controlling interests. Markets are

manipulated up and down for the purpose of selling or buying stocks. There are certain stocks which are notorious for the manipulation of those who control them, while many stocks are relatively free from manipulation by persons other than Wall Street speculators.

Margin. The money deposited by a customer with his broker to make good the purchase or sale of a stock; usually 10 per cent. of the par value of railroad and 20 per cent. of the par value of industrial stocks.

Mark. A German coin of the value of 23.8 cents.

Marshall, Matthew. The dean of the New York financial writers is Mr. Thomas Hitchcock, who writes the financial article in the Monday *Sun* under the pen name, Matthew Marshall. Mr. Hitchcock's judgment is rare; he is a profound student of finance and is recognized as an able writer.

Matched orders. Orders that are purposely matched or made fictitious in order to influence prices.

Mercantile agency. (Bradstreet's and Dunn's.) Institutions which, by and with the co-operation of merchants, manufacturers, bankers and others, ascertain, register and make known to parties in interest the financial standing, general business reputation and credit ratings of individuals, firms and corporations engaged in mercantile or industrial enterprises throughout the world. They are also called credit bureaus, and publish reports at regular intervals on the condition of trade.

Merger. The extinguishment by operation of law of a lesser estate, right or liability in a greater one, as where a lower is replaced by a higher form of security.

Milking the Street. The act of cliques or great operators who hold certain stocks and bonds so well in hand that they cause any fluctuations they please. By alternately lifting and depressing shares they take all the floating money in the market.

Morgan, J. Pierpont. The leading banker of the United States, and the senior member of the firm of J. P. Morgan & Co. Mr. Morgan is regarded in Europe and America as a most able banker, whose skill in the reorganization of railroads and bond and stock flotation makes him one of the greatest financiers that the country has ever produced. He is also widely known as a philanthropist and sportsman.

Money of the world. (1) Gold coin (or bars); (2) full legal tender silver coin or bars: (3) certificates of deposit for gold or silver; (4) subsidiary silver coin (limited legal tender); (5) minor coin, *i. e.*, base metal tokens; (6) bank notes, and (7) Government notes.

Money to move the crops. As Wall Street is the leading money market of the country, interior banks which cannot profitably use their money in dull periods will send part of it to the banks which are their correspondents in Wall Street. The New York banks will allow the

interior banks interest on their balances, employing this money by lending it out in the open market. When the farmer harvests, or is about to harvest, his crops of grain, cotton, etc., he sells and wants the money, or borrows on his crop and wants an advance from his bank. The country banks then call home all or part of the money that they have on deposit in New York, so that they can use it in lending to or paying the farmer for his produce; in other words, the country banks call home their money for crop moving purposes.

Moore Brothers, W. H. and James. Two Chicagoans who are credited with making $10,000,000 through having successfully organized the National Steel, Tin Plate, Steel Hoop and other industrial combinations.

News agency. Two companies, the New York News Bureau and Dow, Jones & Co., supply Wall Street with news. Each uses a ticker service which is supplemented with a printed slip service. The news is printed on small slips and delivered to offices in an endless chain by messenger boys. Both companies are remarkable for their energy and the completeness with which they operate. The news slips of the New York News Bureau are known as the "yellow slips;" those of the other company the "white slips," owing to the color of the paper on which they are printed. James Rascovar presides over the New York News Bureau, and the owners and directors of the second are indicated by the name.

Net. Exclusive of all charges or deductions, or both; actual profit.

Nicknames of stocks. People's Gas is called "Postoffice," as the ticker abbreviation is PO; Missouri, Kansas & Texas is KT; Atchison, Topeka & Santa Fe is Atch; Chicago, Burlington & Quincey is BQ and Q and Quincey; Chicago, Milwaukee & St. Paul is Paul; Brooklyn Rapid Transit is Trolley; Pacific Mail is P Mail; Union Pacific common and preferred are respectively Little and Big Union; Northern Pacific common and preferred are respectively Little and Big Npr (pronounced nipper); Pittsburg, Cincinnati, Chicago & St. Louis is Pan Handle; Cleveland, Cincinnati, Chicago & St. Louis is Big Four, and Missouri Pacific is Mop.

Nominal. Existing only in name.

Non-assessable stock. A stock that cannot be assessed.

Odd lots. Ten shares, and up to but under 100. If you want to buy odd lots of stocks you will usually have to pay on the Stock Exchange ¼ or ½ per cent. more than for a 100-share lot, and if you want to sell you have to make a corresponding concession.

"Off" market, or the market is "off." Where prices have declined in a week, a day or an hour.

Operating expenses. Of a railroad they consist of the cost of maintenance of way and structure, maintenance of equipment, conducting transportation and general expenses.

Overbought. When more stocks are bought than can readily be carried and there is no continuing demand, it having for the time being ceased, the market is overbought and a reaction of prices is probable.

Oversold market. When more stocks are sold than the sellers can obtain or deliver without bidding up prices, the market is technically described as oversold.

Pacifics. Southern Pacific, Union Pacific, Northern Pacific, Missouri Pacific and Texas Pacific.

Panic. The prevalence of unreasoning and overpowering alarm in financial or commercial circles, or in both, leading to sudden and stringent restrictions of credit, and great shrinkage in values, and precipitating mercantile and banking failures; often the precursor of a financial crisis. An undue expansion of loans (by banks), an unsound standard of value, overextension of mercantile credits and widespread speculation, in whole or part, are forerunners of panics. Notable panics or crises have occurred in the United States in the following years: 1814, 1818, 1825 to 1826, 1831, 1837 to 1839, 1857, 1864, 1873, 1884, 1890 (the Baring panic), 1893 (the currency panic), 1896 (the Bryan panic), and 1899.

Paper profits. Profits existing on contracts that have not been closed out, and which, not being represented by money in the owner's possession, are consequently paper profits.

Par. The face or full value. Sterling exchange sells at par when a bill in New York or London, say for £100, can be bought for exactly that amount.

Parallel line. When one railroad runs in the same direction as another, drawing on the same territory for support. Thus, the West Shore is a parallel line to the New York Central.

Pass a dividend. A euphemism adopted by direction of corporations to express an act which in ordinary English would be called *not* passing a dividend. In other words, a dividend is said to be passed when the directors vote against declaring it.

Pegged. A stationary market, neither declining nor advancing, and held by buying or selling orders, is said to be "pegged."

Penny. (See d.) Great Britain's copper coin which is the twelfth part of a shilling, and is valued at two cents.

Pence. The plural of penny.

Plunger. A speculator who trades heavily and takes big chances of profits and losses. Successful plungers are rare.

Pit traders. Grain brokers who trade daily for their own account and resultant profit and loss.

Point. In stocks one point means $1 a share. Thus, if St. Paul advances from 120 to 121 it has advanced one point.

Pointer. Synonymous with Tip. Supposed accurate information respecting the advance or decline of a stock and volunteered for the

purpose of influencing a profitable trade. Pointers are worth about 30 cents a thousand.

Pool. The stock and funds contributed by a clique to carry through a corner.

Poor's Manual. A manual of statistical railroad information.

Posted rates. Dealers in foreign exchange post rates daily at which they will sell bills in small amounts to travelers and merchants.

Pound sterling. (£) A sum of English money equivalent to $4.86 2-3. An English sovereign is of the same amount, but there is no gold coin of that denomination. The Bank of England, however, issues £1 bills.

Pounding. Free selling of long and short stocks. Illustration: "The market sustained considerable *pounding* from professional traders."

Price Current. A reliable weekly Cincinnati journal covering the field of markets and statistics.

Primary points. Duluth, Minneapolis, Chicago, Detroit, Kansas City and other large cities which receive grain direct from country shippers.

Primary receipts. The total combined daily receipts of grain at the leading primary points.

Primary shipments. The aggregate daily shipments of grain from the primary points to consuming points.

Private wire houses. Commission brokerage houses in New York and Chicago which connect with offices in other cities, through the expensive medium of leased private telegraph wires. The brokers engage their own operators, supply the correspondence and execute orders from distant points with great speed and accuracy.

Privileges. (See chapters on Stocks, Privileges and Grain Privileges.)

Professional. Room traders, scalpers and others who speculate for their own account are called professionals. Thus: "The market was dull and trading was confined almost wholly to *professional* traders."

Promoter. A person who especially assists (by securing capital, consents or otherwise) in starting or forwarding (promoting) a financial industrial or commercial enterprise, as a stock company.

Promoters' shares. Shares issued by corporations and paid to the promoter in payment for services in organizing a company.

Pro-rate. To allot or divide in proportion; as to pro-rate dividends or assessments; to make an agreement or arrangement on the basis of a given rate proportionately.

Pull the strings. To unload stocks and then circulate reliable and unreliable bad news in order to bring about a decline, thereby shaking out traders on a margin, is called at times "pulling the strings."

Puts. (See Privileges.)

P. T. Private terms.

Pyramiding. Enlarging one's operations on a big rise or decline which is a most dangerous form of speculation. Thus, on the 1899 rise in Leather common from 7 to 40 many men bought at 10, sold out at 15; bought again on slender margins and sold out at 20, and so on, continuing the attempt to run (in the Wall Street vernacular) a shoestring into a tannery. When 40 was scored a tremendous slump took place and wiped out the pyramid traders, who are as a rule unable to protect their margins, even on moderate reactions. Such trading may be likened to an inverted pyramid.

Quarter. One-fourth of a ton in weight. English dealers reckon 2,240 pounds to the ton. A quarter of wheat comprises eight bushels, or 480 pounds.

Quintal. A metric measure equal to 220.46 pounds avoirdupois.

Realizing sales. Selling stocks in order to secure profits.

Rebate. When part of an amount paid for commissions or transportation is returned it is rebated.

Receiver's certificates. Certificates issued by a receiver for the purpose of raising money for a corporation within the jurisdiction of a court. When the court approves the certificates are issued and they then constitute a first lien upon the net earnings and property of the corporation.

Receiving houses. Houses which make a business of receiving and selling cash grain.

Recovery. A rally in prices, after a decline.

Refunding. To fund anew; replace by a new funded loan.

Registered bonds. Government bonds payable only to the order of an individual or corporation, the name of the owner being registered at Washington. If stolen or lost registered bonds cannot be sold.

Regular, or regular way. The term of sale employed when the delivery is to be made at or before 2:15 P. M. on the day succeeding that of the making of the contract.

Rentes. The bonds and other securities representing the Government indebtedness of France; also the sums paid as interest on this indebtedness.

Rigging the market. Manipulation of stocks by insiders.

Ringing a cotton contract. This is an old-fashioned form of settlement of cotton contract differences. It has been in use for many years, and is the crude idea involved in the Clearing House principle, and was designed to eliminate the receipt and delivery of the cash cotton. Thus, a number of firms—making technically a ring—instead of receiving and delivering the cotton, ring it out by paying the differences between the ring settlement price and the price at which the option is bought or sold. Another advantage is that the system enables an im-

portant saving of interest charges, and obviates the necessity of margining accounts.

River Plate. The Rio de la Plata, which forms the boundary line between Uruguay and Argentina. The adjoining territory produces wheat which is known in the trade as "River Plate wheat."

Rockefeller, John. Another commercial genius. Head of one of the two most successful industrial combinations in the world—the Standard Oil Company.

Room trader. A man who is a member of an exchange and speculates for his own profit and loss. They are relatively few in number.

Sack. Flour is exported in jute sacks, or bags, containing 140 pounds. In order to reduce sacks to barrels multiply by 5 and divide by 7. An English sack contains 280 pounds; a sack of Rio coffee averages 200 pounds, of Java coffee 133 pounds.

Saddling the market. To foist a certain stock on the Street.

Sage, Russell. A Wall Street millionaire who is noted for the enormous amount of cash he has at his disposal, and for his penurious ways.

Salting. Placing high grade ore in a poor or worthless mine with the idea of deceiving a prospective purchaser.

Salt down stock. To buy and hold for a long period; almost the equivalent of an investment.

Sample crowd. Brokers on the Produce Exchange and Board of Trade who deal in car lots of grain, basing their dealings on exhibits of samples in the Board rooms.

Scalper. A scalper is a room trader who takes ⅛ and ¼ profits and losses, trading for his own account, and confining his attention to the smallest fluctuations.

Scalping. Following the varying changes of the market, and taking small profits or losses with the rapidity with which the market fluctuates.

Scrip. A provisional document (or documents collectively) certifying that the holder is entitled, absolutely or conditionally, to receive something else, as shares of stock, bonds, or payment of interest, dividends or wages. Such a document when relating to stocks is called a scrip certificate, and possesses no voting or dividend rights.

Seignorage. The difference between the commercial value of bullion in coin and the face value of the coin.

Seller's option. A transaction with the seller having the right to deliver the stock at his pleasure or convenience within the time stipulated at the moment of sale; the opposite of a buyer's option transaction; grain contracts are at seller's option to deliver on any day in the delivery month. The buyer must receive the grain or sell his contract on or before the first day of the delivery month to some one who will.

"Sell out" a man. To sell down a stock (which another is carry-

ing) so low that he is compelled to quit his hold and perhaps fail; to dispose of "long" stocks when a speculator has failed to make good his margins.

Seller the year. A contract which gives the seller the right to make a delivery of the property sold at any time within the year.

Share. One of the equal parts into which capital stock of a company or corporation is divided.

Shifting of loans. When banks are obliged to call many loans, brokers are obliged to pay off their loans and renew them with the same or other banks at new rates. The process is that of "shifting of loans."

Shilling. Great Britain's silver coin which is equal to 12 pence; the 20th part of one pound sterling and 24.3 cents.

Short interest. That interest in the market which is represented by the aggregate sales of men who have sold at a price with the expectation of buying in at a cheaper price. Bear traders sell short in expectation of a decline.

Short market. An oversold market, with the aggregate contracts for the delivery of stocks exceeding the supply at a certain range of prices.

Short selling. Selling stocks and borrowing them for immediate delivery. When finally bought in the borrowed stock is returned. If in the interval between selling and buying the stocks have declined the trade is profitable; if there has been an advance it is unprofitable.

Sick market. When brokers hesitate to buy and the market is suffering from previous overspeculation.

Silver certificates. Notes receivable for public dues, but not legal tender. Issued in denominations of $1, $2, $5 and $10, and higher, by the Government against silver dollars deposited in the Treasury.

Sinking fund. An amount of money set apart at specified times for the redemption of debts.

Slump. A serious, unexpected decline.

Snipe. An obsolete term for a curbstone broker.

Soft spot. A weak point in the market.

Southerns. Southern Railway, Louisville & Nashville, Norfolk & Western, Chesapeake & Ohio, and other Southern railroads.

Sovereign. A British gold coin having the same value as one pound sterling—$4.86½.

Speculation. An investment of money in expectation of considerable gain, or any business or commercial transaction involving such a use of money, as buying commodities to hold them for a rise in price (or selling them for a decline), or dealing in options or stocks.

Specialists. Brokers who deal in one or two stocks only; they are also called "$2 brokers," as much of their business consists in the exe-

cution of orders from other brokers, for which they receive $2 for each 100 shares bought or sold.

Spilling stock. When stocks are thrown upon the market from necessity, to break prices or take profits.

Split. A split transaction means that one half of an even amount of property—say 4,000, 8,000 or 12,000 bushels of corn—is sold at one price, and the other half at another. For example, 4,000 bushels of corn might be sold at the split quotation, 31½-⅝, when 2,000 bushels would be billed at 31½ and 2,000 bushels at 31⅝.

Spread. This is a double stock privilege which entitles the holder to the right to deliver or demand a certain amount of stock on specified terms, or grain price differences between different options, or between the same option in different cities, or between the put and call price.

Squeezed. When shorts become frightened after having oversold and then are forced to violently bid up prices in competition with the owners of stocks they are said to have been squeezed.

Steel and iron group. Federal Steel, Steel and Wire, Steel Hoop, Republic Steel and Pressed Steel Car are included in this group of stocks representative of the steel and iron industry.

Sterling exchange bills. Bills of exchange on London. They are quoted as "cables," payable by cable; "demand," payable on sight or demand, and "60 days," payable at the expiration of the time named.

Stillman, James. The President of the National City Bank, and based on recent developments one of the most successful bank presidents this country has ever known.

Stock, assessable. That stock which is liable to assessment.

Stock. Certificates issued by a corporation legally certifying to ownership of a specified number of shares in such corporation.

Stock, cumulative. Usually preferred stock on which a dividend is paid each year. Failing to pay within the year, the dividend accumulates and must be paid in full before dividends can be paid on any other shares.

Stock, half. A stock of the par value of $50, instead of the usual $100. The leading half stocks are Delaware, Lackawanna & Western, Reading, Pennsylvania and American Tobacco.

Stock, preferred. Stock having a preference over all other stock in the matter of dividends.

Stop order. A limited order. Buyers on a margin, who do not wish to increase their margins, will direct their brokers to limit their losses. and the limit price is the one where the stop order becomes effective. Thus, if a man buys 100 St. Paul at 121 and stops it at 118, should the market decline his broker will sell for him at 118. In raiding the market bears will seek to uncover stop orders and thus force stock on the market. Short sellers also limit or give to their brokers stop orders on an advancing market.

Straddle. A speculator who has bought and is long of one stock, and sold and is short of another, has straddled the market.

Swimming market. The opposite of a sick market; when everything is buoyant.

Syndicate. A combination of business men having a business object.

Tailer. Big operators have a following of little traders who tail-on a bull or a bear movement on the theory that to make money it is a good thing to follow in the wake of the successful men.

Ten per cent. up. When stock is bought or sold at buyer's or seller's option for a number of days the parties to a contract sometimes insert a provision for a preliminary deposit of 10 per cent., or more or less, to insure the contract.

Ticker. The popular name for a stock indicator. The quotations made in an exchange board room are telegraphed by operators to a central office and then immediately sent out over a wire system connecting with thousands of tickers. A ticker is a glass-inclosed mechanical device which prints the abbreviations of the stock and bond names, the quantities sold and the prices, on an endless ribbon of white paper.

Tierce. A cask of lard containing 340 pounds. Lard is quoted at so much per 100 pounds. To get the value of a tierce multiply by 3 2-5.

Tip. (See Pointer.)

Tipster. Of the pests that have ever infested Wall Street the Tipster is the most unscrupulous and contemptible. He will advertise under the name of the Truth Hunter, his own or an assumed name, a pair of initials, a P. O. box, or in some other illegitimate fashion. He is a product of the last two years, and is to be avoided as you would a thief. The credulous are his prey. His plan is to advertise secret knowledge of a rise or decline in stocks; to offer you his alleged secrets and impossible profits for a nominal sum or part of your profits (?); to telegraph you tips at so much per week, and so on. Such methods are, to reputable Wall Street, plainly fraudulent. There are absolutely no "sure things" in Wall Street speculation. If it is your intention to trade, trade only with a reputable exchange firm and never correspond with the detestable wolves who masquerade in advertising disguises. Tipsters usually try to secure the money of persons who live outside of New York. Letters and circulars received from them should be promptly mailed with a complaint to the Postoffice Department, Washington, D. C.

Tired market. When buying orders have been exhausted after a partly forced advance the market is said to look tired, and when so diagnosed a decline is likely.

To buy in. The act of purchasing stock in order to meet a short contract, or to enable one to return stock which has been borrowed.

Tonnage. Applied to the carrying capacity of vessels, but used in

Wall Street to designate in round numbers the total amount of freight handled by railroads.

Ton mile cost. An intricate calculation giving the cost of carrying one ton of railroad freight one mile. Mr. Thomas Woodlock is the author of "Ton Mile Cost" and "The Anatomy of a Railroad Report," two able books on railroad statistics.

Traffic density. Railroads report the number of tons carried one mile and the number of passengers carried one mile, with the average rate received per ton and per passenger. To obtain the *freight density* divide the ton mileage by the number of miles operated. The result gives the number of tons carried one mile per mile of road which is the *freight density.* The same process will produce the *passenger* density.

Transcontinental. Extending or passing across a continent; as a transcontinental railway.

Traps. An obsolete phrase for broken-down, depreciated railroad and other shares.

Trunk lines. Through railroad lines extending from the Atlantic coast to Chicago or other Western points.

Trusts. The popularly accepted name for a combination of interests—usually manufacturers—for the purpose of regulating production and prices in fair conformity with demand. They are the outgrowth of excessive competition which produced demoralization and panic. Up to certain limits they sometimes advance prices, when public sentiment steps in and controls. They are a necessity, or they would not exist. Having some evils they also have much in them to commend, chief of which is that they work the greatest good to the greatest number. Excessive competition—characteristic of this great country with its energy and resources—is the ruin of trade, and only prevented by an industrial combination. As they are organized to-day any man with $100 can become the part owner of a so-called Trust. Prior to the organization of the Sugar Trust the sugar trade was controlled by a few men who owned all the refineries; to-day the Sugar Trust has 11,000 small stockholders. Trusts generally work for smaller profits than individuals.

Trust company. An incorporated banking institution empowered by its charter to accept and execute trusts as provided by law, to receive deposits of money and other personal property and issue obligations therefor, and to lend money on real and personal securities. According to the law of the State of New York, on which those of other States are chiefly based, such corporations are not permitted to issue bills to circulate as money, nor to make loans directly or indirectly to their officers. They cannot lend money at more than the legal rate on time, and are not obliged to keep lawful money reserves. In recent years they have found the business of underwriting securities to be very profitable.

Twisting the shorts. When the shorts have heavily oversold the market, and prices are suddenly and artificially advanced, thus compelling the bears to settle with large losses, the process is known as "Twisting the shorts."

U. K. The United Kingdom of Great Britain and Ireland.

Underwrite. (1) To execute and deliver (a policy of insurance on specified property, especially marine property); (2) to engage to buy all the stock in (a new enterprise or company) which is not subscribed for by the public; (3) to undertake to pay, as a subscription or written pledge of money.

Underwriter. One who insures; or, one who subscribes for stock of a company usually in expectation of reselling.

Underwriting. To underwrite stock or bonds, a group or syndicate of bankers will subscribe for the entire authorized issue at a price, say 98, after which they will offer the securities to the public at par. Their profit is the difference between 98 and par. If the securities are not sold to the public the underwriters must assume the obligation of paying for all the securities.

Under the rule. When a member of an exchange fails to receive or deliver stock that he has made contracts for, the chairman sells or buys the stock in question for the account of the delinquent member, who is charged with any differences in prices. Such transactions are made under the exchange rule providing for them, and the letters "U. R." on the ticker tape designate such transactions.

Undertone. Used in designating the underlying strength or weakness of the markets by financial letter writers, as: "The market had a strong undertone."

Unloading. Selling out a stock which has been carried for some time.

Upset price. The lowest limit price at which goods will be sold when offered at auction.

United States Treasury notes. Notes issued in payment of purchases of silver and gold, and redeemable in gold or silver at the option of the Secretary of the Treasury. The Sherman Act of 1890 made these notes legal tender except when otherwise stipulated.

Visible supply. The stocks of grain in public elevators in the large cities and afloat on the lakes and canals.

Vanderbilts. Railroads controlled by the Vanderbilt interests, viz.: The New York Central, Lake Shore, West Shore, Michigan Central, Canada Southern, Nickel Plate, Northwest and other minor properties.

Wash sales. A violation of the rules of all exchanges, where one broker arranges with another to pretend to buy a certain stock when he offers it for sale. The bargain is fictitious, and the effect, when

not detected, is to keep it quoted, or, if the plotters buy and sell the stock to a high figure, to afford a basis for bona fide sales.

Warehouse receipts. The receipts of a warehouseman for goods received by him and held in store. Warehouse receipts are assignable and the transfer of the document completes the delivery of the property.

Watered stock. An increase in capital stock with no corresponding increase in assets.

Whipsawed. Making a double loss by buying at the top and selling at the bottom market prices, or selling at the bottom and buying at the top.

Whitney, William C. A millionaire financier who is interested in many successful and great enterprises, including the Metropolitan Street Railway system.

Wind. Bull traders sometimes refer to bears as selling wind, inasmuch as they do not possess the property which they sell, having, however, eventually to buy it in.

Wiped out. To lose all of one's margins or principal.

Worked for export. Grain that has been sold and worked out of the storehouse and into the hold of a vessel.

World's shipments. The weekly shipments of grain from exporting to importing countries.

X. Same as ex-Dividend.